Consumer Survey

ucts, convenience and entertainment appliances, but it's all I can do to barely make a living."

But a business manager in suburban Minneapolis charged: "The American public would even buy an electric fork. Not me! I see people charging their way to financial problems, buying stuff they don't need."

A housewife in Pittsburgh asked, "Isn't this home security stuff a lot like energy efficiency—manufacturers playing on national problems to the point that we are all going a little nuts?"

A middle-aged Denver businessman stated, "Every effort should be made to save wherever possible; not enough people take the energy problem seriously."

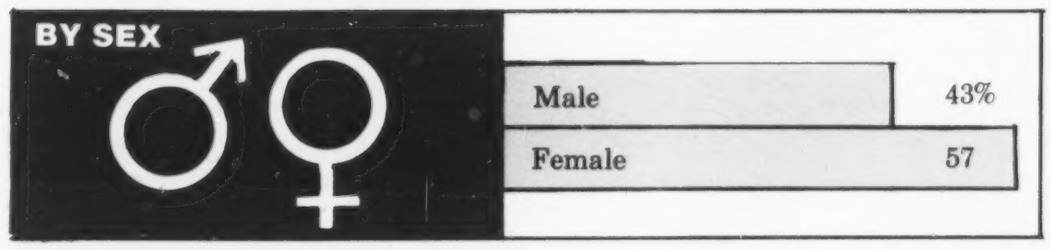
And a Philadelphia woman who works with her husband in a family business noted, "I'm sure it's important but you just ought to be able to expect something like this (energy efficiency) the way you do the cord or the light switch."

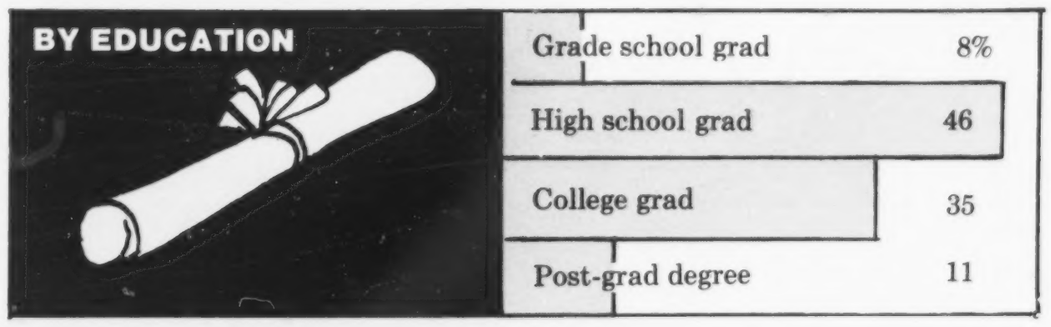
While a self-employed 35-year-old Omaha homeowner commented: "You can go to extremes in sacrificing for efficiency. If you can't have the features you want, you might as well go back to beating your clothes on a flat rock down by the river and cooking over an open fire."

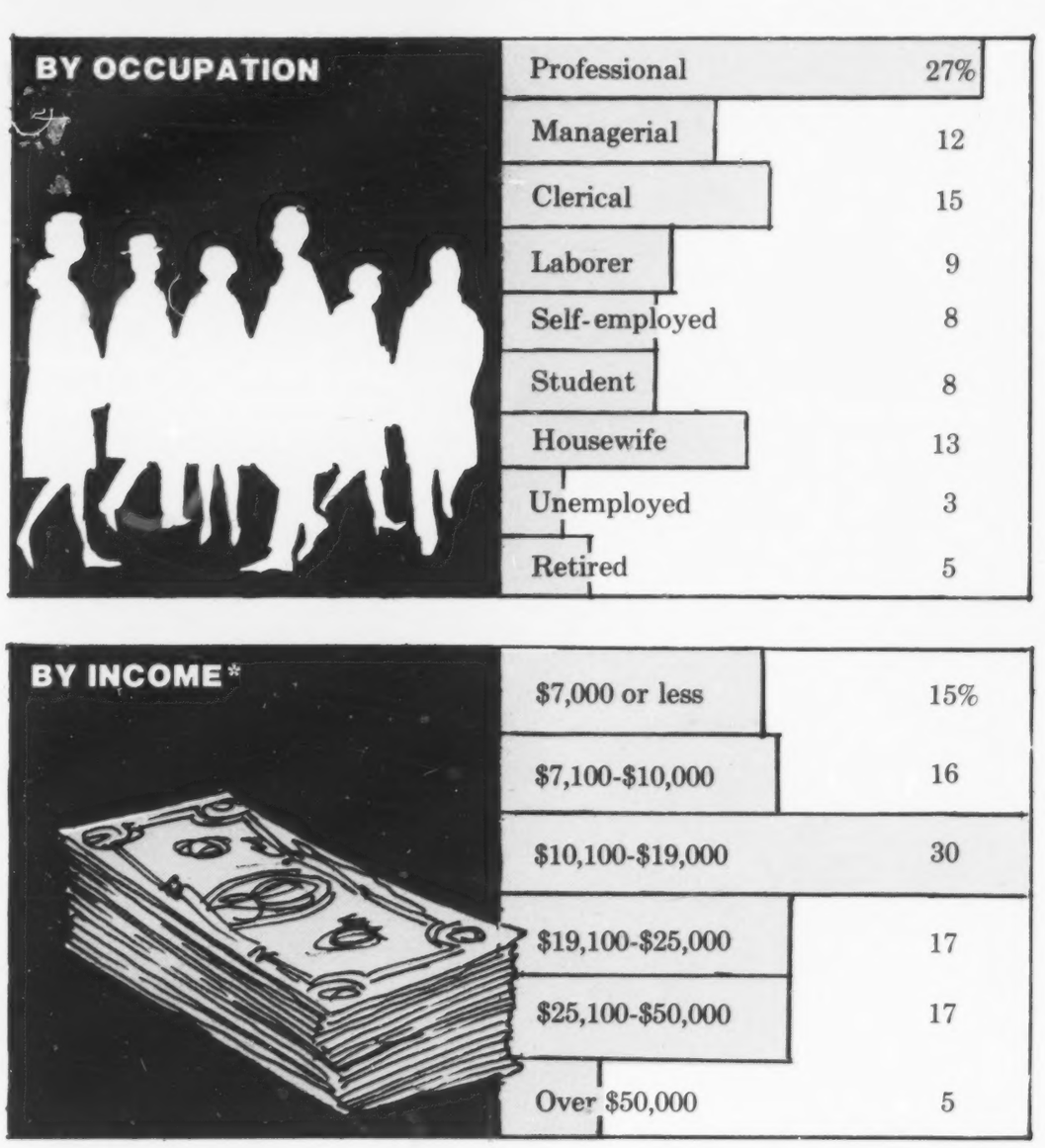
But a Miami manager and father of two summed up the issue for himself, saying, "The bottom line is I end up getting what I want, not necessarily what's most practical or patriotic."

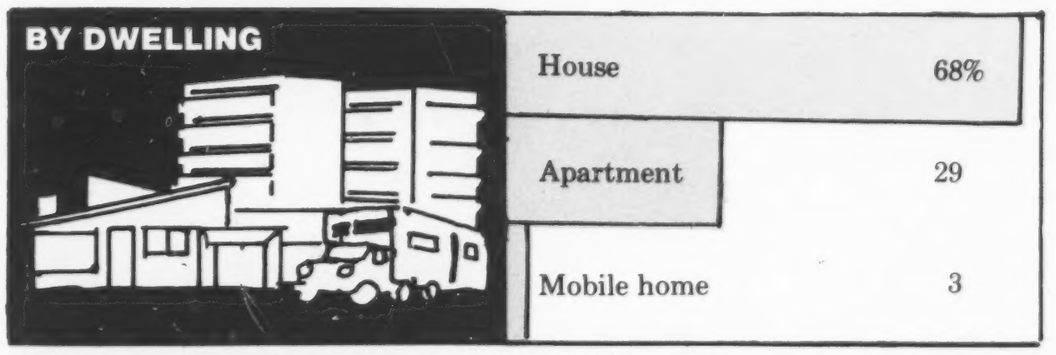
These consumer attitudes do not necessarily represent a consensus or even a cross-section of national opinion—this Consumer Survey is a random, not a statistically projectable sampling. But whether based on musunderstanding or ignorance, unwarranted cynicism or isolated prejudices, their potential for impacting adversely on our industries is great and growing.

There is more in this survey than statistical compilations, more that warrants close and careful reading. Even if the "fine print" here is between the lines, it could benefit us all to listen well to the voice of the people.

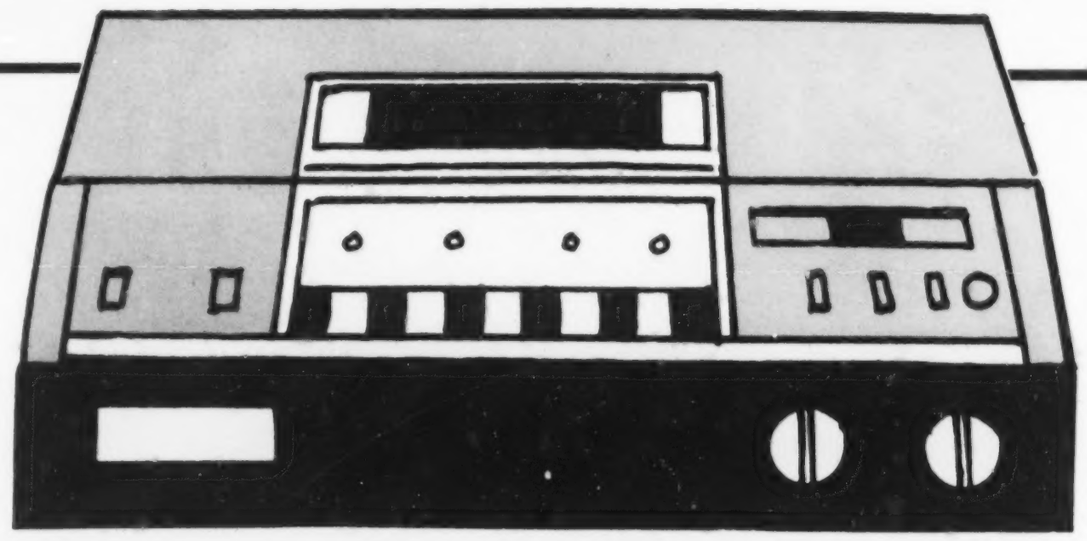








*22% of respondents whose income is combined with spouse's.



Videotape Recorders

Where are you learning most about videotape recorders? %

Newspaper and/or magazine articles	25%
Manufacturer ads and/or commercials	15
Retailer ads and/or commercials	10
In-store displays and/or demonstrations	29
Friends and/or relatives	21

Do you own a videotape recorder? %

Yes	7%
No	93

Videotape Recorder Owners Only

How are you using your videotape recorder? %

To tape a program while watching another	17%
To tape the program you're watching	16
To tape programs while not at home	45
To play pre-recorded video programs	9
To make you own videotape "home movies"	13

How many blank tapes did you buy initially (not included "free" as part of the sale)? %

None	14%
1-2	27
3-4	29
5-7	15
7-10	9
Over 10	6

How many do you now buy per month? %

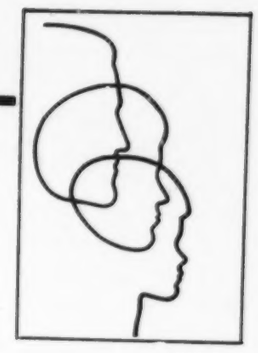
None	17%
1-2	52
3-4	14
5-7	8
7-10	3
Over 10	6

How many pre-recorded tapes did you buy initially (not included "free" as part of the sale)? %

None	49%
1	22
2	11
3	6
4	9
Over 4	3

How many do you now buy per month? %

None	56%
1	28
2	13
3 and over	3



Videotape Recorders

Price appears to be a matter of growing concern among potential purchasers of videotape recorders, *Merchandising*'s current survey finds.

Increasingly, consumers who indicated no plans to buy a VCR unit cited the high cost as their main reason. Along with their generalized complaints about inflation, many specifically indicated the product as being an "extravagant luxury" and an "expensive toy."

As a middle-aged New Orleans clerical worker and the mother of three said: "I'd like to have a videotape deck to tape programs when I'm not at home, but it's too expensive now. I may get one later when their price comes down."

But even among those consumers who said they plan to buy a VCR unit within the next six months, price was important. They study shows that 42% of the respondents expect to pay no more than $800 for one, compared to the 27% who declared for that price point in last year's survey. And 13% pegged the $1,100-and-over ticket this time around vs. 23% in the 1978 poll, a decline of 10%.

However, price was not the sole reason given for not buying a videotape recorder. "Most tv programs are so inconsequential," said a Minneapolis college professor, "that seeing them once is too often." And a bachelor in Buffalo, NY charged somewhat less elegantly, "Tv stinks!"

With only 17% of the respondents considering the eventual purchase of VCR, a sampling of negative opinion reveals several consumers who would agree with a Denver newspaperman who said, "I'm waiting for cable tv to come to the city when I'll have no need for a videotape recorder." And a professional man with two children in Culver City, CA told the interviewer: "I won't get a videotape recorder; they're on the way out. I'll wait for videodisc."

Also, although price was the most frequent reason given by the 64% of respondents who had no plans to buy a video camera to go along with their anticipated VCR purchase, another repeated objection was raised: A married professional man in St. Paul stated, "I'm not into porno." And again, a married working woman in her mid-40s in Los Angeles added: "I plan to get a video machine soon, but not to make home movies; that's kinky."

Still, several middle-aged and elderly people cited home movies of their grandchildren as their prime reason for wanting a camera.

As to which type of store the consumer expected to buy his/her videotape recorder, the video specialty store was the growing favorite with 29% of the respondents, up from last year's 23%. The electronics specialty store and the appliance/tv store also registered gains, 14% vs. 11% and 16% vs. 14% respectively. Other retail types either held even or lost some ground.

As for the 7% of the more than 1,000 consumers interviewed nationwide who already own a videotape recorder, questions about tape buying habits—both blank and prerecorded—revealed some interesting data.

For example, 86% of consumers queried said they bought blank tapes at the time of their VCR purchase, but not included "free" as part of the sale. This contrasts with the 78% in last year's survey. But only 51% of the respondents bought prerecorded tapes under similar circumstances, compared with the 63% in the 1978 study.

As for how many blank tapes these VCR owners buy per month, only 17% said none while 6% claimed to purchase at the whopping rate of over 10 per month. Prerecorded tapes didn't fare as well, with 56% of the respondents stating they buy none on any regular post-purchase basis.

Some interesting contrasts and similarities were developed when both owners and prospective owners were asked about how their VCRs were being or would be used.

In first place in both cases—45% for owners and 38% for future owners—was taping programs while not at home. In second place, use was described as taping while watching another show—17% of owners and 22% of prospective owners. The greatest divergence occurred on using the deck to play prerecorded cassettes. This use ranked third with future owners, but last with owners. Apparently, the difference between expectations and actual experience.

In any event, there seemed to be little sign that consumer excitement over videotape recorders was ebbing. Regardless of the occasional controversy or even contradiction implicit in some consumer opinions, owners provided the best testimonials of continuing interest. As a young Omaha owner said: "I like to tape things like sports events, and then I edit out the commercials. It's great being able to watch solid action." →

Videotape Recorders

Videotape Recorder Non-Owners Only

Are you considering purchasing a videotape recorder? %

Yes	17%
No	83

If Yes:

Why? %

To tape a program while watching another	22%
To tape the program you're watching	10
To tape programs while not at home	38
To play pre-recorded video programs	16
To make your own videotape "home movies"	14

Would you prefer a portable or table model? %

Portable model	52%
Table model	48

Where would you expect to purchase a videotape recorder? %

Appliance/tv store	16%
Catalog chain (Sears-type store)	8
Catalog showroom	2
Department store	9
Discount store	10
Electronic specialty store (such as Radio Shack)	14
Hifi specialty store	11
Video specialty store	29
Other	1

What price would you expect to pay for the VTR? %

Under $600	9%
$600-$699	13
$700-$799	20
$800-$899	17
$900-$999	13
$1000-$1099	15
$1100-$1199	3
1200-$1299	7
Over $1300	3

Would you buy a videotape camera to go along with your VTR unit? %

Yes	36%
No	64

If yes, would you buy a black and white or a color camera? %

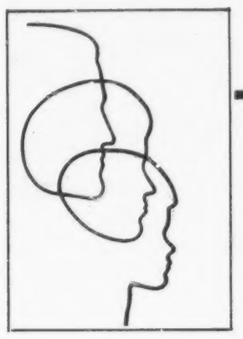
Black & white	12%
Color	88

What price would you expect to pay for a black and white camera? %

$300	45%
$400	36
$500	19

What price would you expect to pay for a color camera? %

Under $700	22%
$700-$799	38
$800-$999	27
$1000-$1499	9
Over $1500	4



High Fidelity

Although 21% of the consumers interviewed in this latest survey said they intend to buy a component hifi system within the next six months (a hefty jump over last year's 10%), they apparently don't plan to spend as much as they did last year.

The largest group of potential purchasers (41%) said they were prepared to budget in the $350-$599 range for their system and 23% expected to pay no more than $350. This contrasts with 1978 results of 31% opting for the $350-$599 range and 13% for the under-$350 category.

In addition, perhaps influenced by the prevalent recession talk, only 10% of the respondents indicated they

(Continued on page 28)

Where are you learning most about component* hifi systems?

Newspaper and/or magazine articles	20%
Manufacturer ads and/or commercials	16
Retailer ads and/or commercials	14
Friends and/or relatives	50

**Made up of separate units such as amplifier, turntable, speakers, tape deck, tuner, etc.*

What kind of sound system do you own?

Compact stereo	19%
With 8-track	39
With cassette	14
With both	6
Component hifi system	44
With cassette deck	39
With open-reel	28
With 8-track	17
Console stereo	18
With 8-track	28
With cassette	9
With both	10
None of the above	19

Component Hifi Owners Only

Are you considering upgrading your system within the next six months?

Yes	31%
No	69

If yes, what will be the most important change?

Buy new speakers	32%
Buy new turntable	19
Buy an equalizer	5
Buy more powerful amplifier	12
Add or replace tape deck	15
Buy complete new system	17

Component Hifi Non-Owners Only

Are you considering buying a component hifi system within the next six months?

	%
Yes	21%
No	79

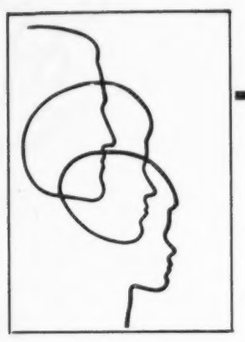
If Yes:

What price would you expect to pay for one?

	%
Under $350	23%
$350-$599	41
$600-$799	16
$800-$999	10
$1000-$1400	6
Over $1400	4

Where would you expect to buy it?

	%
Appliance/tv store	8%
Catalog chain (Sears-type store)	9
Catalog showroom	4
Dept. store	17
Discount store	17
Electronic specialty chain (such as Radio Shack)	17
Hifi specialty store	26
Other	2



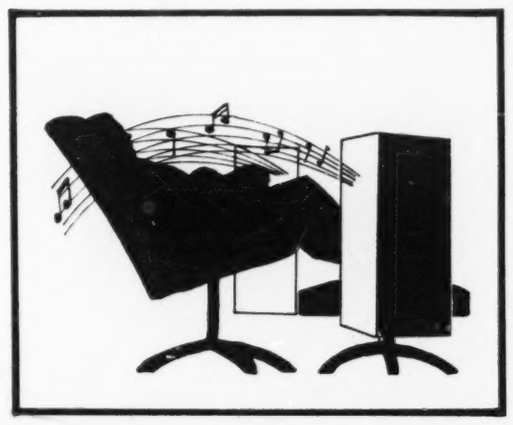
CONSUMER SURVEY

High Fidelity

• *Continued from page 26*

would pay $1,000 or more for hifi sound. Last year 29% declared for that loftier level.

Responses to the "where would you expect to buy your hifi system" question tend to confirm previous stories in these columns (especially *Merchandising*, Dec. 1978, pp. 44-45) that the patterns of hifi distribution are changing.



Although findings of the current study show hifi specialty stores still ranked no. 1 with 26% of the votes, this is a sharp drop from last year's 46%. If hifi specialty stores are indeed losing share of market, as this tabulation suggests, they are losing it to department and discount stores. Both retail types came in with 17%, compared with 1978's 10% and 11%, respectively.

The Sears, Penneys type of catalog chain operation picked up share (9% vs. 6%) and appliance/tv stores also made modest gains (8% vs. 6%).

(For other information on where consumers shop and why, please see "Shopping Patterns" elsewhere in this feature.)

Word-of-mouth is still the hifi industry's most common form of communication. Fifty percent of the respondents noted that their main source of information about hifi was friends and/or relatives. Newspaper and/or magazine articles ranked second.

Hifi Owners

Among those consumers who already own some kind of sound system (81% of respondents), hifi ownership was relatively constant (44% vs. 45% in 1978). But compact stereo owners declined to 19% from 23% last year. However, a demonstration that in some homes furniture styling is preferred to sound quality may be seen in the fact that 18% possess console stereo, compared with 13% in the year-earlier survey.

With 31% of the respondent-owners of high fidelity equipment indicating they plan to upgrade their systems within the next six months, the largest number (32%) said they expected to buy new speakers.

Although this has long been the most popular step-up component, not everyone agreed. Said a professional man in his mid-forties, with two children, living in Honolulu: "We have a good hifi system now, but my son wants me to get better speakers. 'For better sound,' he says, but I don't know why, it's too loud now."

Other moves to upgrade

Other respondents were more interested, however, in making different upgrading changes. Nineteen percent expect to buy new turntables, 15% wish to add or replace a tape deck, 12% want a more powerful amplifier, and 17% want to start all over again by purchasing a complete new system.

Then, there's still the issue of what kind of music component hifi systems produce. To at least one person, a retired woman in San Francisco, this is not a rhetorical question. "We won't buy a hifi; my husband and I don't like that kind of music in our house," she insisted.

In a least partial agreement was a wife and professional woman in Towson, MD who asserted, "Except for the kids, most of the people who have those fancy high fidelity systems don't really know the difference in sound from the man in the moon." •

Car Stereo

Where are you learning about car stereo?

	%
Newspaper and/or magazine articles	15%
Manufacturer ads and/or commercials	13
Retailer ads and/or commercials	14
In-store displays and/or demonstrations	11
Friends and/or relatives	47

Do you have stereo in your car?

	%		%
Yes	48%	No	52

Car Stereo Owners Only

Did the car stereo come as original equipment or did you install it after you bought the car?

	%		%
Came with	62%	Installed later	38

What does the car stereo include?

	%
8-track	33%
Cassette	31
Radio only	36

If radio only, which would you want in your car?

	%
8-track	19%
Cassette	35
Neither	46

Do you plan to upgrade your car stereo system in the next six months?

	%		%
Yes	17%	No	83

If yes, how would you do it?

	%		%
Buy new speakers	35%	Buy a new cassette deck	21
Buy a new radio	3	Buy an amplifier/booster	16
Buy a new 8-track	9	Buy a complete new system	16

Car Stereo Non-Owners Only

Are you considering buying a car stereo system in the next six months?

	%		%
Yes	15%	No	85

If yes, where would you expect to buy a car stereo?

	%
Appliance/tv store	1%
Auto supply store	15
Car dealer	7
Catalog chain (Sears-type store)	4
Catalog showroom	1
Department store	6
Discount store	10
Electronic specialty store	19
Hifi specialty store	33
Other	4

What would you expect to pay for a car stereo system?

	%		%
Under $150	36%	$301-$350	7
$150-$200	39	$351-$500	2
$201-$250	5	Over $500	1
$251-$300	10		

Would you expect to install your new system yourself, or would you have it installed professionally?

	%		%
Install self	42%	Professionally	58

What would you expect to pay for professional installation?

	%		%
Under $25	25%	$46-$55	16
$25-$35	35	$56-$70	8
$36-$45	12	Over $70	4

It is apparent that gasoline shortages, as much as higher prices on everything including gasoline, are coloring consumer attitudes toward car stereo, according to responses to *Merchandising's* latest Consumer Survey.

Aside from those people who believe car stereo is only for kids or is a sinful waste of money, there are those whose objections are more a matter of practical concerns.

A Pittsburgh housewife complained, "Our car is already such a big expense we've disconnected the air conditioner in it to save gas." And a professional man in Council Bluffs, IA said, "At a $1 a gallon for gasoline, I don't spend any more time in my car than necessary."

Another common thought was expressed by a 35-year-old self-employed man in Omaha who said of car stereo, "They get ripped off too easily, and you get your car damaged in the bargain."

Nevertheless, 48% of the respondents to the study said they have a stereo system in their cars, compared with 40% last year. Also, intentions of non-owners to buy autosound inched up—15% vs. 14%—as did owners' plans to upgrade their equipment—17% vs. 16%.

Of the owners of car stereo, 62% declared it came with their cars, while the 1978 survey showed 61% got their systems already installed.

Kinds of equipment

Also in this group, distribution of the various kinds of equipment was fairly even: 33% with 8-track, 31% with cassette and 36% radio only. Yet among this last category, 54% stated they wished they had either cassette (35%) or 8-track (19%).

But only 17% of those people who currently possess an autosound system plan to upgrade it within the next six months. And the largest number (35%) would accomplish this by buying new speakers. Compared with last year's 10%, a surprising 21% of the respondents said their upgrading plans included buying a new cassette deck. Replacing the radio accounted for the smallest number, 3%.

Among those consumers who were somewhat less enthusiastic about upgrading their car stereo was the Detroit laborer who insisted, "I'll upgrade my system when I get a new car, not before."

And an Albany grandmother commented, "I have more important priorities. A radio is all I need, mostly for weather and traffic reports."

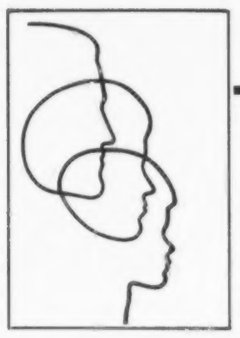
But to others, autosound was not considered a luxury. A professional woman in Los Angeles noted, "The excellent stereo system in my car is one reason I bought it. I frequently drive long distances and it makes these trips more enjoyable."

Non-owners

A Denver mechanic included himself among those who are considering buying a car stereo system in the next six months. "I've got lots of great music on cassettes that I play at home. I want to be able to listen to these tapes when I'm driving around, too."

Of those respondents who are planning to purchase a car stereo system, cost is a consideration. Forty-two percent say they will install their systems themselves, compared with the 39%

(Continued on page 32)



Car Stereos

• Continued from page 30

who responded to this question last year. And expectations about autosound prices have also changed.

Compared with 29% in 1978, this year 36% of the consumers interviewed are prepared to pay under $150 for car stereo, and 39% (vs. 30%) are targeting the $150-$200 price range. At the high-end, not unexpectedly, those who would spend over $350 for their sound-on-wheels declined to 3% of respondents, from last year's 6%.

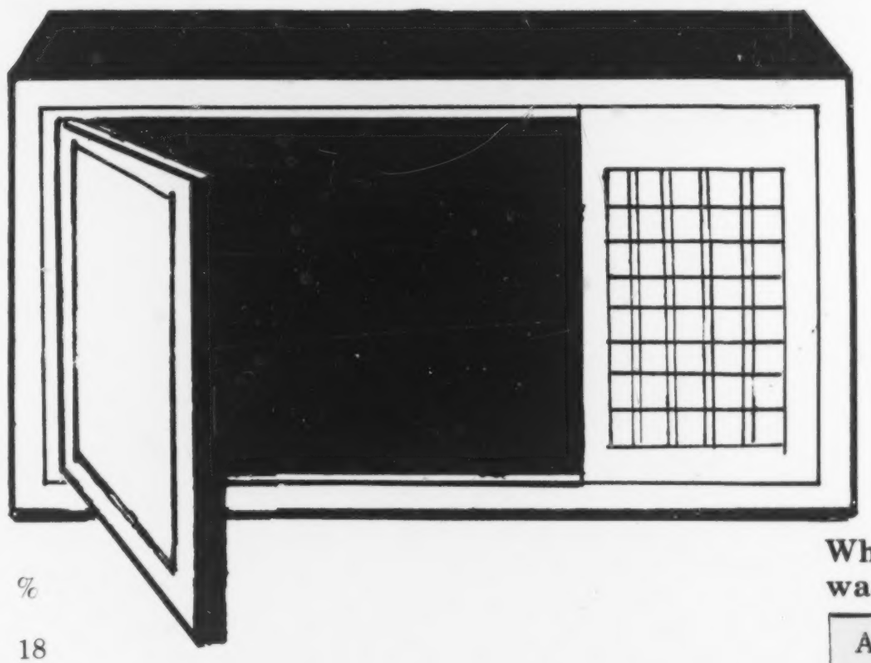
For the 58% of the consumers who plan to have their new car stereos installed by professionals, 25% expect to pay under $25 for the service, 35% believe the cost will be $25-$35, and a scant 4% feel the charges will be over $70.

Although car stereo is not a new phenomenon among consumers, 47% of the people interviewed in this study still derive most of their information from friends and/or relatives. The second most prevalent source is the printed word in the form of newspaper and/or magazine articles. This held true for 15% of the respondents. And people learn about car stereo mainly through in-store displays and/or demonstrations in only 11% of the cases.

Last year's tabulations showed similar proportions, although the actual percentages were somewhat different.

All in all, this category of consumer product seems to leave few people indifferent or ambivalent: There are those who like and want car stereo, and those who don't. But, based on our study, the ones who do are gradually increasing, gasoline shortages notwithstanding. •

Microwave Ovens



Where are you learning most about microwave ovens?

	%
Newspaper and/or magazine articles	18
Manufacturer ads and/or commercials	23
Retailer ads and/or commercials	12
In-store displays and/or demonstrations	11
Friends and/or relatives	37

Do you own a microwave oven?

	%
Yes	23
No	77

Microwave Owners Only

Are you familiar with cookware made especially for use with a microwave oven?

	%
Yes	94%
No	6

Did you buy microwave cookware (not included "free" as part of the sale) when you purchased your microwave oven?

	%
Yes	57%
No	43

Was it a packaged set or single pieces?

	%
Packaged set	51%
Single pieces	49

Since buying your microwave oven have you purchased additional microwave cookware?

	%
Yes	61%
No	39

If yes, where

	%
Store where microwave oven was bought	39%
Another store	61

Are you considering the purchase of additional microwave oven cookware?

	%
Yes	38%
No	62

If yes, where would you expect to buy microwave oven cookware?

	%
Appliance/tv store	15%
Catalog chain (Sears-type store)	7
Catalog showroom	4
Department store	39
Discount store	17
Gourmet specialty shop	17
Other	1

Microwave Non-Owners Only

Are you considering the purchase of a microwave oven?

	%
Yes	27%
No	73

Why?

	%
Defrosts food faster	13%
Cooks faster	65
Uses less gas or electricity	17
Like taste of microwave-cooked foods	1
To replace old range	4

Where would you expect to buy a microwave oven?

	%
Appliance/tv store	28%
Catalog chain (Sears-type store)	21
Catalog showroom	4
Department store	21
Discount store	14
Hardware store	1
Home improvement center	2
Kitchen remodeler	3
Other	6

Are you more interested in: (A) a countertop microwave oven, (B) a single-cavity combination of microwave oven and gas or electric range, (C) a double-oven combination of microwave oven and gas or electric range?

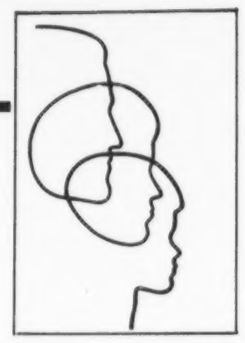
	%
A	84%
B	6
C	10

What price would you expect to pay for a countertop model?

	%
Under $350	26
$350-$449	38
$450-$499	21
$500-$600	13
Over $600	2

What price would you expect to pay for a combination model?

	%
Under $900	26%
$900-$1099	42
$1100-$1299	17
$1300-$1399	9
Over $1400	6



Microwave Ovens

Regardless of the many cries of "it's way too expensive" and "I don't like the way the food tastes" and "it's unsafe," the future of microwave ovens seems to be assured. At least this is what *Merchandising's* current Consumer Survey indicates.

In-depth interviews with over a thousand consumers show 27% of respondents are planning to buy a microwave oven within the next six months, a brisk 11% higher than the results in last year's study.

Although interest in microwave ovens is obviously growing, it is primarily in countertop models. Intentions to buy combination models, either in single-cavity or double-oven configurations have waned to the point where 16% say they favor these over countertop units, compared with 27% in the year-earlier survey. Biggest loser was the double-oven type, dropping to 10% from 19% previously.

Anticipated price points

As for the prices people expected to pay for a countertop oven, the most popular continued to be the $350-$449 range. Thirty-eight percent of respondents selected that tag. However, the second-place ticket went to the $450-$400 bracket, 21% vs. 12% in 1978. Inflation or not, consumers are apparently still willing to pay for the features usually found in those price ranges, rather than opting for stripped-down models with the lowest tags.

Appliance/tv stores are still the leading type of retail outlet for potential purchasers of microwave ovens, at least for 28% of the respondents. Department stores and catalog chains such as Sears and Penneys tied for second place with 21% each. This, however, represents a 4% gain for the catalog chains and a 5% decline for department stores compared with 1978.

Faster cooking was the principal reason given for planning to buy a microwave oven for 65% of the people interviewed. As a Honolulu working mother put it: "I want one. With a job and trying to raise two girls, I think I'd appreciate how fast it works defrosting and cooking other things in a hurry. It also helps using leftovers."

And a Monroe, LA widow said, "It's very expensive, but I sure wish I had one."

Fears still persist

On the other side of the coin, most of the respondents who were against owning a microwave oven seemed to still cling to the bugaboo of safety.

A professional woman in Hastings, MN succinctly said, "Dangerous to my heatlh." And a middle-aged man in Philadelphia added. "Correct or not, I'm afraid of any product where users must be prohibited from using it because of their pacemakers."

A diplomatic dentist in Denver admitted, "My wife doesn't want a microwave oven. She thinks they could cause a radiation problem, and I don't argue with her."

And finally, a Pittsburgh teacher and the mother of three left the door open, saying, "When we did over our kitchen four years ago, we decided against the microwave oven because of the safety problem. I'll admit I'm still not convinced it's perfectly safe, but they do offer many advantages and I'll keep on considering one."

Microwave cookware

As an indication of the very substantial accessory business potentials involved with microwave ovens, participants in this study were asked a series of questions about microwave cookware.

First of all, a startling 94% of respondents said they were familiar with this specialty product, a jump over last year's 51%.

Next, 57% noted they bought microwave cookware at the time of their oven purchase (but not included "free" as part of the oven sale), a 14% rise against last year's findings.

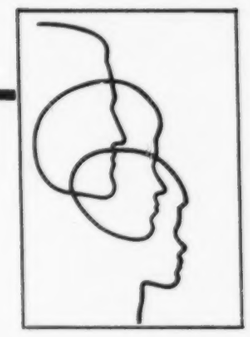
Then, 61% stated they purchased additional microwave cookware since buying their oven, compared with 48% in the 1978 report.

And finally, 38% of the microwave-owning respondents said they intend to buy more microwave oven cookware.

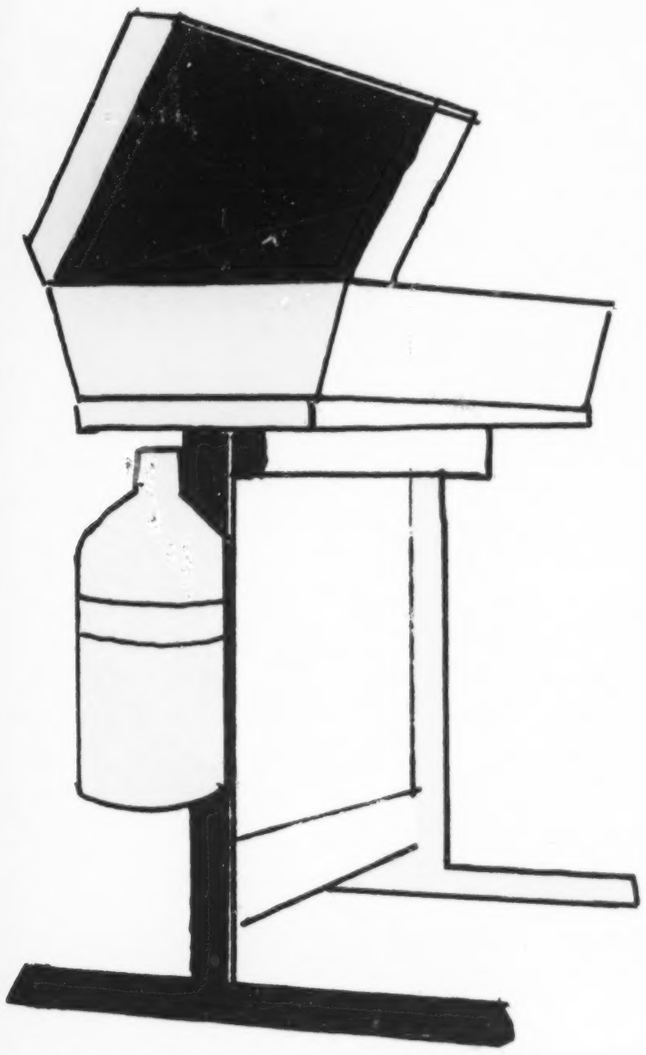
It should be pointed out, however, that this plus business is not automatically a tie-in sale with the microwave oven. Sixty-one percent of the people who bought additional microwave cookware subsequent to their oven purchase did so at stores other than the ones where they got their appliance. In fact, of those who are considering the purchase of more cookware pieces, 39% say it will be at a department store. The next closest number, 17% each, was chalked up by discount stores and gourmet specialty shops.

A professional man with family in St. Paul, when asked if he was considering the purchase of a microwave oven, replied: "No. I can wait (for the food to cook)." But whether discussing the microwave oven or ancillary cookware, it seems that more and more consumers will not. •

Housewares



Barbecues



Do you own a barbecue grill?

	%
Yes	71%
No	29

If yes, what kind?

	%
Charcoal	73%
Gas	22
Electric	5

GAS GRILL NON-OWNERS

Are you considering the purchase of a gas grill?

	%
Yes	9%
No	91

If Yes:
Where would you expect to buy a gas grill?

	%
Appliance/tv store	4%
Catalog chain (Sears-type store)	30
Catalog showroom	3
Department store	17
Discount store	24
Hardware store	4
Home improvement center	10
Other	8

How much would you expect to pay for a gas grill?

	%
Under $50	4%
$50-$99	17
$100-$149	32
$150-$199	20
$200-$299	23
$300-$400	3
Over $400	1

Whether the gas grill will ever dominate the barbecue market is yet to be seen. But if it is to, at least two areas of confusion in the minds of consumers will have to be cleared up: Only the use of charcoal briquets can impart that characteristic flavor to grilled meats, and gas grill means cumbersome and expensive hookups to natural gas lines.

At least this seems to be the gist of the many reasons why consumers are not considering the purchase of gas grills in the near future, according to this survey.

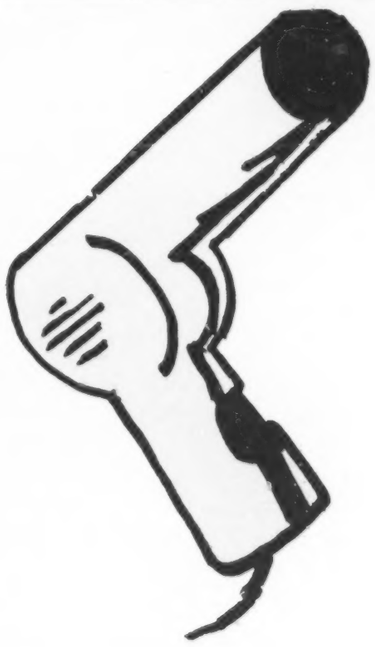
But this has nothing to do with the popularity of barbecues in general. Of the more than 1,000 consumers interviewed for this report, 71% said they owned a grill and of these, 73% were charcoal units, 22% were gas and 5% electric.

Nine percent of the respondents noted that they plan to buy a gas grill and 75% reported that they expected to pay anywhere from $100 to $300 for such an appliance.

As for the type of outlet consumers would shop for their gas grills, catalog chains such as Sears and Penneys received 30% of the nods, followed by discount stores with 24%.

An indication of how much education is needed in this market is the rather unique comment of a woman college student in Houston who said, "I wouldn't buy a gas grill because it might contaminate the meat." •

Hair Dryers



Although a certain number of baldheaded men said, "who needs it," and some women insisted, "I go to my hairdresser," the fact still remains: Hair dryers are a hot product.

According to *Merchandising's* Consumer Survey, a very healthy 78% of the respondents admitted to owning at least one hair dryer. In addition, whether already an owner or not, another 20% asserted they expect to buy one within the next six months.

For retailers, the replacement merchandising potentials of this unisex product are great. Underlining this are the following data: Of those who intend to purchase a hair dryer, 48% gave as their main reason their desire to replace an old one. Another 20% of these would-be buyers want a second (or even a third) unit.

Other principal reasons for wanting to buy a hair dryer were: Want new features (13%), as a gift (10%), and don't own one now (9%).

Among those consumers who expect to buy a hair dryer, 30% gave the discount store as the type of outlet they would shop, and 28% said they would opt for a department store. Only 10% gave the drug store as their choice of outlet.

The study also found that the most popular price points consumers anticipated paying for a hair dryer were $15-$19.99 (35%) and $20-$24.99 (27%). A scant 2% of the respondents said they expect to pay under $10.

While a certain amount of negativism was expressed by some people ("who needs asbestos"), a married man in Brooklyn had this unusual opinion: "I don't want a hair dryer. They cause static cling." •

Do you own a hair dryer?

	%
Yes	78%
No	22

Whether you own a hair dryer or not, are you considering the purchase of one?

	%
Yes	20%
No	80

If yes, where would you expect to buy a hair dryer?

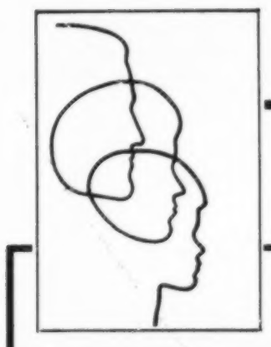
	%
Catalog chain (Sears-type store)	14%
Catalog showroom	14
Department store	28
Discount store	30
Drugstore	10
Other	4

If you are considering buying a hair dryer, what is your main reason?

	%
Don't own now	9%
Want to replace old one	48
Want to give it as a gift	10
Want new features	13
Want a second (or third) one	20

How much would you expect to pay for a hair dryer?

	%
Under $10	2%
$10-$14.99	23
$15-$19.99	35
$20-$24.99	27
Over $25	13



HOUSEWARES

• *Continued from page 34*

Home Security

Have you ever bought a smoke detector?

	%
Yes	46%
No	54

If yes, how many?

	%
1	42%
2	32
3	17
4 or more	9

Are you considering the purchase of a smoke detector?

	%
Yes	28%
No	72

Do you own a fire extinguisher?

	%
Yes	43%
No	57

If yes, how many?

	%
1	62%
2	26
3	8
4 or more	4

Are you considering the purchase of a fire extinguisher?

	%
Yes	20%
No	80

Do you own a burglar alarm (intrusion system)?

	%
Yes	13%
No	87

If no, are you considering the purchase of a burglar alarm?

	%
Yes	13%
No	87

Where are you learning most about home security devices?

	%
Fire and/or police department presentations	15%
Newspaper and/or magazine articles	27
Manufacturer ads and/or commercials	30
Retailer ads and/or commercials	11
Friends and/or relatives	17

If you are considering the purchase of a home security device, where would you expect to buy it?

	%
Appliance/tv store	4%
Catalog chain (Sears-type store)	16
Catalog showroom	5
Department store	11
Discount store	14
Electronics specialty store (such as Radio Shack, etc.)	19
Hardware store	13
Home improvement center	10
Other	8

Consumer attitudes towards home security devices—smoke detectors, fire extinguishers and intrusion systems or burglar alarms—are mixed. There seems to be more confusion and misinformation about this category of products than any of the others covered in this Consumer Survey. And the reasons given for not considering the purchase of one or more of them run the gamut.

A self-employed mother of two in Hartford declared, "I don't own a fire extinguisher; it's asking for trouble. If you own one you're sure to have a fire."

And a St. Paul professional man curtly noted, "I'm not paranoid."

On a more general note, a married part-time teacher in Los Angeles said, "These things cost a lot and tend to give you a false sense of security."

Other negative comments ranged from "I have nothing worth stealing" to "we're covered by insurance" to "I just rent my house, it's the landlord's responsibility."

Nevertheless, respondents to the survey indicated that 46% have bought smoke detectors (up from 38% last year) and 43% own one or more fire extinguishers. Furthermore, 28% plan to buy smoke detectors and 20% fire extinguishers.

Only on burglar alarms are the responses low: 13% of those participating in the survey have bought and another 13% plan to buy. And it is apparent that many consumers have confused the elaborate, professionally-installed security systems costing thousands of dollars with the newer intrusion devices on the market.

There are some consumers, of course, who approach the matter from a different direction, as for example the 35-year-old homeowner in Omaha: "I have a four-foot fence around my yard and 120 pounds of mean guard dog behind it. That's all the intrusion system I need."

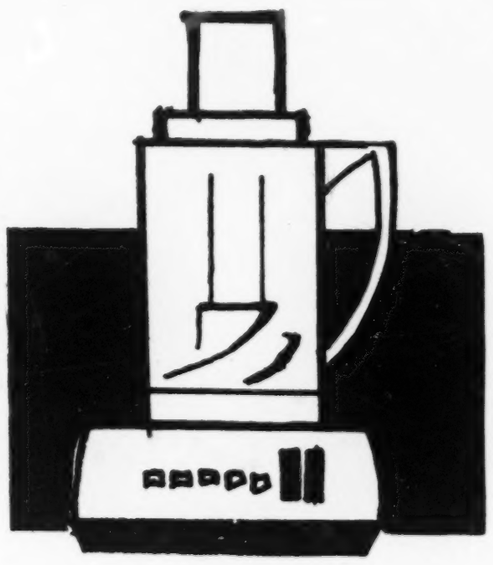
Then, there's the self-employed father of three in the Boston area who said of smoke detectors: "Waste of money. I have one and it doesn't work."

But most poignant of all were the responses from literally hundreds of consumers who said of home security, "I just never thought of it." •

Food Processors

Some of the glamor surrounding food processors may be slipping away, according to results of *Merchandising's* latest consumer survey. Twenty-seven percent of the respondents reported they are considering the purchase of one within the next six months, but this represents a decline of eight points from last year's 35%.

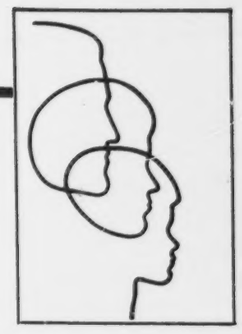
For the 30% of the consumers surveyed in this study who own food processors, time saving was still the most important consideration. But a growing number (37%) stated the product made everyday handling of food preparation more efficient. And an extra value was described by a Dallas housewife and mother of two who said: "I went on a diet and had to eat a lot of raw vegetables. It makes diet cooking lots easier."



Also, as might have been expected in a period of unchecked inflation, price was considered a very important factor both to those who plan to buy and those who don't. Several respondents called the food processor an extravagance.

And among those who are considering the purchase, 61% noted they would pay no more than $100 for one, compared to 41% in the 1978 survey;

(Continued on page 38)



Food Processors

• *Continued from page 36*

28% opted for the $50-$75 range this year vs. 11% last year.

But perhaps of even greater significance than price to the negatively inclined consumer is the lack of any perceived functional value. As a Honolulu mother of three put it: "I watch my friends who have food processors, and also from what I've read in the magazines and ads, I don't understand why it's that much better than the simple things I already have in my kitchen."

And a sexist note was struck by a self-employed 46-year-old father of five in Council Bluffs, IA who flatly said, "Chopping vegetables with the old butcher knife keeps my wife out of trouble."

Where are you learning most about food processors?

	%
Newspaper and/or magazine articles	18%
Manufacturer ads and/or commercials	23
Retailer ads and/or commercials	14
In-store displays and/or demonstrations	12
Friends and/or relatives	33

Do you own a food processor?

	%
Yes	30%
No	70

Are you considering the purchase of a food processor?

	%
Yes	27%
No	73

If yes:

Why?

	%
Saves time with food preparation	42%
Great for "gourmet" cooking	21
Handles everyday food preparation more efficiently	37

If you are considering buying a food processor, where would you go to buy it?

	%
Appliance/tv store	9%
Catalog chain (Sears-type store)	11
Catalog showroom	17
Department store	28
Discount store	26
Gourmet specialty shop	4
Housewares store	3
Other	2

What price would you expect to pay for a food processor?

	%
$25-$49	9%
$50-$75	28
$76-$100	24
$101-$150	15
$151-$200	16
Over $200	8

Replacement Plans

Despite repeated complaints by consumers interviewed that the rigors of inflation were seriously inhibiting their ability to purchase otherwise desired and desirable products, a whopping 61% of the respondents to *Merchandising's* seventh Consumer Survey stated their intentions to replace at least one product from a list of 12 within the next six months.

Although many consumers said they would replace products only as a matter of necessity, rather than because newer, improved products were available, the largest single group—15% of those answering interviewers' questions—apparently perceived their color television set as being a household necessity. Also, several of those responding tagged more than one appliance for early replacement.

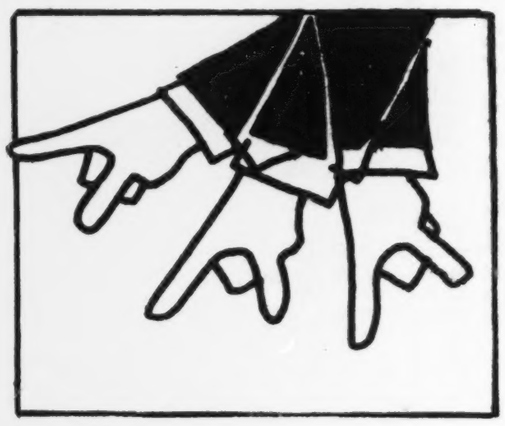
Vacuum cleaners chalked up the next largest vote with 12%, while clothes washers and refrigerators tied for third, drawing 9% each.

All in all, ample evidence that these appliances are important to today's consumer, which should be good news to replacement-oriented retailers.

Which products are you considering replacing within the next six months?*

	%
Air conditioner	6%
Clothes washer	9
Clothes dryer	8
Dishwasher	7
Range	6
Refrigerator	9
Color tv	15
Black & white tv	4
Vacuum cleaner	12
Coffeemaker	9
Electric shaver	5
Iron	8
Other	26
Nothing	39

**adds to more than 100% due to multiple answers*



Brand Identification

When you think of each of the products listed below, what brand name comes to mind first?

Brand name, brand identification, brand loyalty are at the very core of the intense competition among manufacturers of consumer products. And millions of dollars are spent annually in all communications media by suppliers to catch the consumer's eye and discretionary dollar.

Yet, when 1,020 consumers around the country were asked "when you think of each of the following products, what brand name comes to mind first," the profusion of names—some real and some fictional—made the list almost impossible to tabulate.

Nevertheless, there were few surprises among the leading labels, and the names on top of comparable lists closely paralleled results of last October's survey.

Although no effort was made to correlate brand recognition with intention to purchase the product, some of the "don't know" or wrong-name responses suggest that some manufacturers still have education or communications hurdles to overcome.

Not atypical is the case of a New Orleans housewife, college graduate, mother of three and in her mid-thirties. She owns a cassette car stereo system, a food processor, a microwave oven and a hair dryer. She plans to upgrade her home sound system, replace her color tv and clothes dryer, and is considering the purchase of a VCR unit.

Yet, she could identify no brand name in VCR, hifi, car stereo, microwave oven or hair dryer. In fact, of the entire list of 14 products, she could recall only color tv, refrigerator, range, food processor and coffeemaker labels.

But less-than-ideal results in a quiz of this kind apparently doesn't prevent the consumer from buying. As a retired widower in Phoenix said: "Brand names are familiar to me, but I must admit that I find best results with a handful of good, reliable stores. And it's easier." •

*** This figure represents that percentage of the 1,020 consumers interviewed who could not name a brand at all or who gave an incorrect name. All other figures in these charts represent the breakdown of brand names from those consumers who could respond to these questions.**

ELECTRONICS

Color TV

	%
Zenith	28%
RCA	25
Sony	12
Magnavox	8
Panasonic	4
GE	4
Quasar	4
Sylvania	3
Admiral	2
Motorola	2
Sears/Silvertone	2
Other	6
None*	5%

Videotape Recorders

	%
Sony/Betamax	58%
RCA	15
Panasonic	8
Magnavox	5
Zenith	4
GE	4
JVC	2
Sears	1
Sanyo	1
Hitachi	1
Other	1
None*	55%

Component Hifi

	%
Pioneer	19%
Panasonic/Technics	18
Sony	15
Fisher	9
Marantz	7
Garrard	5
Realistic/Radio Shack	4
Kenwood	3
Sansui	3
Sanyo	2
Other	15
None*	43

Car Stereo

	%
Pioneer	23%
Panasonic	13
Craig	11
Motorola	10
Sony	6
Philco	5
Radio Shack/Realistic	4
Sanyo	4
Audiovox	3
Delco	3
Jensen	3
Other	15
None*	61

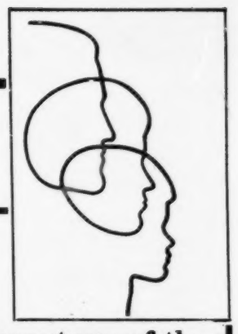
MAJOR APPLIANCES

Air Conditioners

	%
GE	34%
Carrier	16
Fedders	12
Sears/Kenmore/Coldspot	7
Westinghouse	7
Frigidaire	5
Whirlpool	4
Airtemp/Chrysler	3
Emerson	2
Lenox	2
Other	8
None*	29

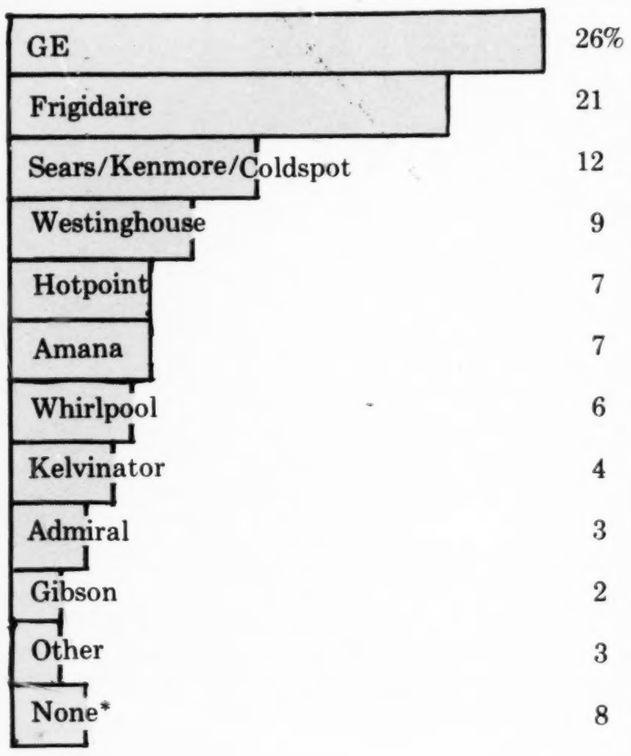
(Continued on page 44)

BRAND IDENTIFICATION • *Continued from page 40*

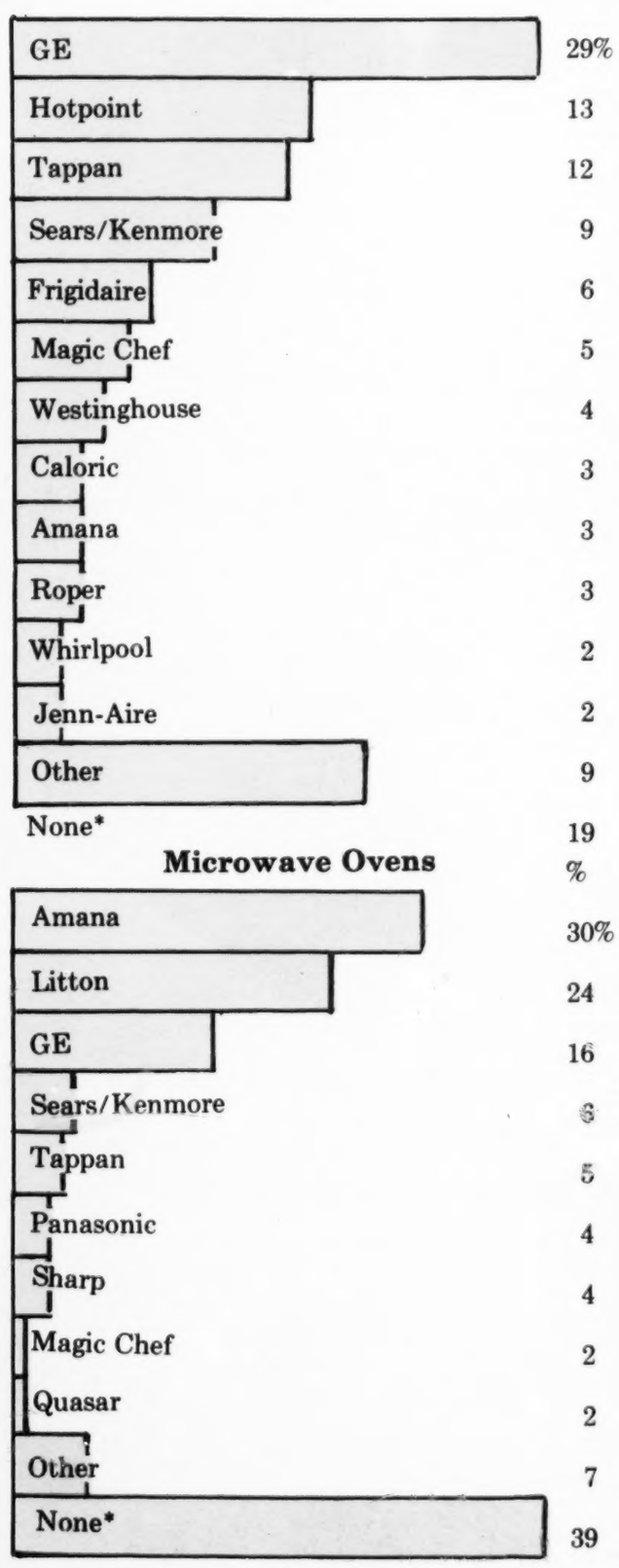


MAJOR APPLIANCES *cont.*

Refrigerators

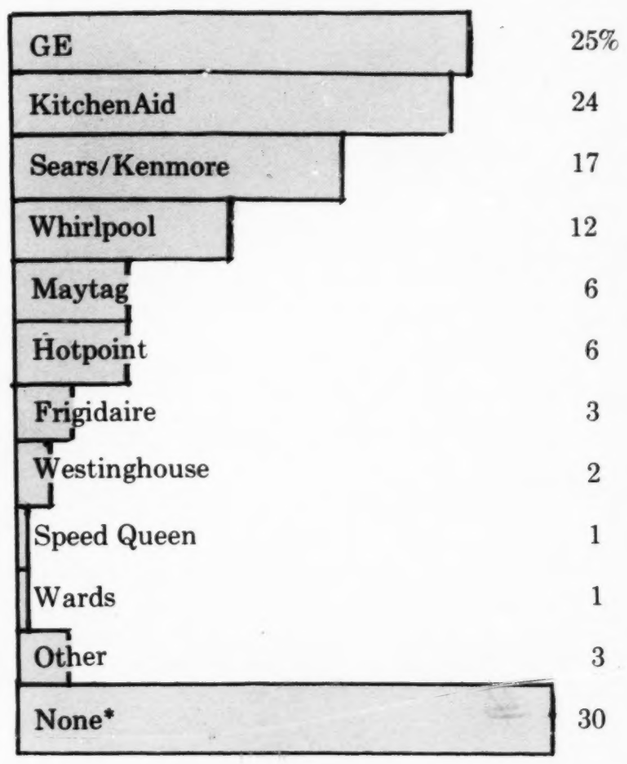


Ranges

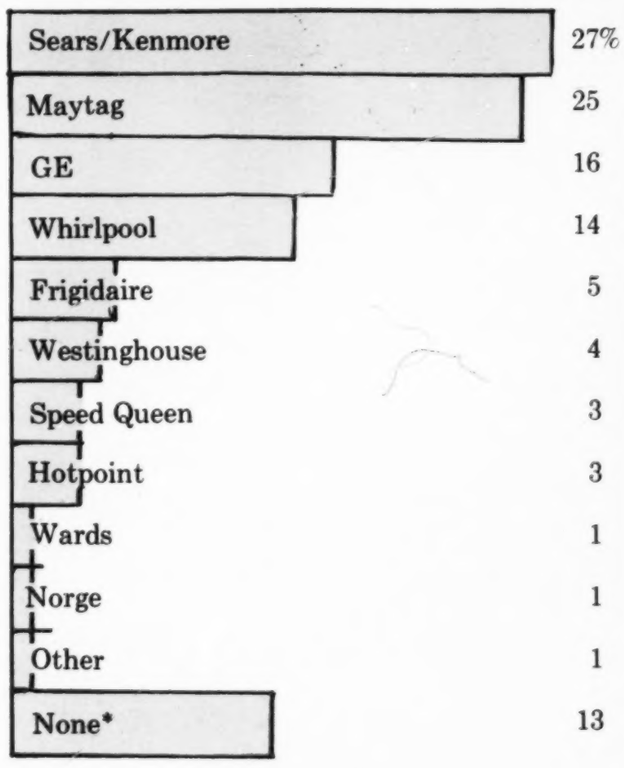


Microwave Ovens

Dishwashers

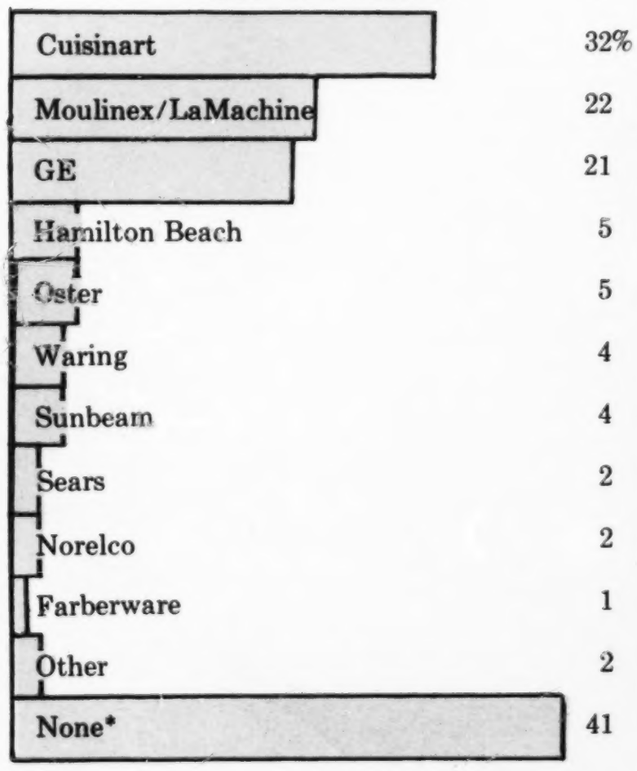


Clothes Washers and Dryers



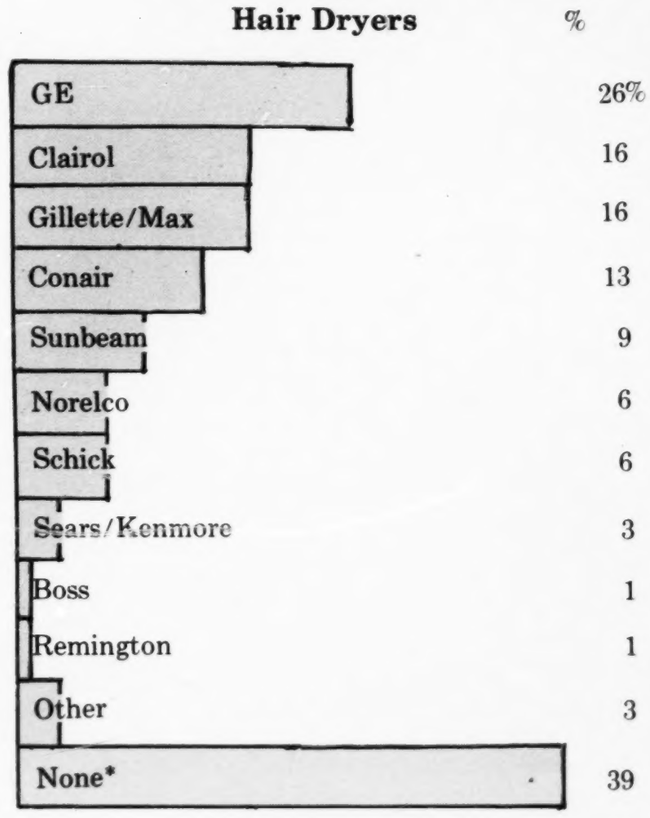
HOUSEWARES

Food Processors

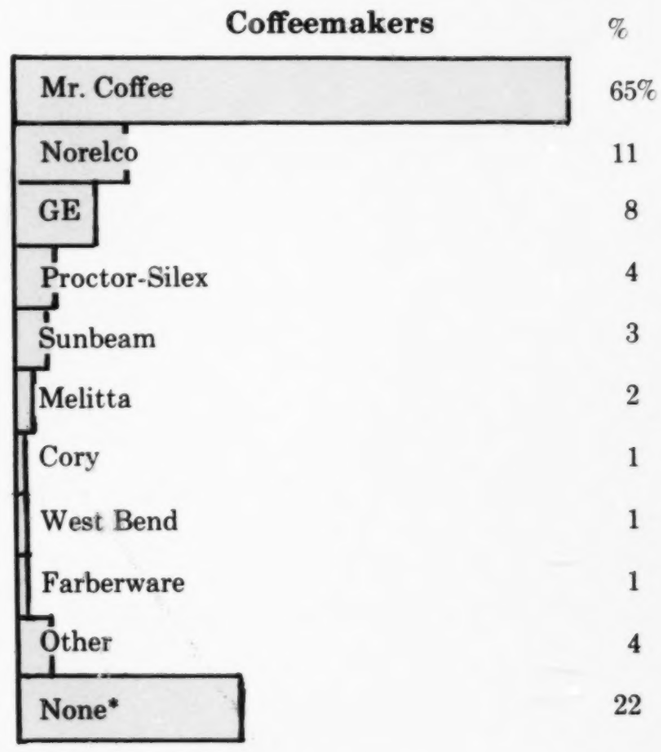


*** This figure represents that percentage of the 1,020 consumers interviewed who could not name a brand at all or who gave an incorrect name. All other figures in these charts represent the breakdown of brand names from those consumers who could respond to these questions.**

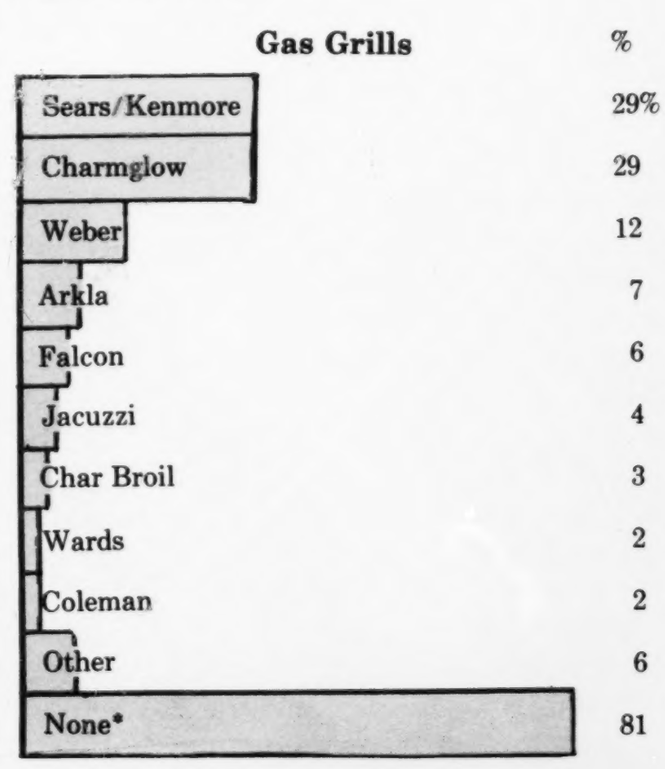
Hair Dryers



Coffeemakers



Gas Grills



**Could not cite either any brand name or a correct brand name.*

Information

Consumer confidence in retail salespeople is clearly ebbing.

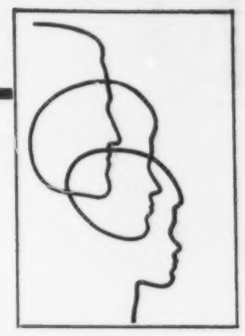
Whether it's because salespeople are frequently seen as poorly informed ("More salespeople should be taught to say 'I don't know'," said a San Francisco airline pilot) or because of blatant cynicism ("No, I don't trust them because I've been a salesman," noted a young Reno family man), the survey shows only 48% of the respondents usually believe what salespeople tell them. This compares unfavorably with the 58% posted in 1978.

Nor are people that much more willing to accept a salesperson's recommendations of brands or models other than the one originally sought. As a young married woman in Pittsburgh put it: "These people are out to sell what they have."

As for warranties, there was little change in consumer attitudes from 1978. A substantial majority still felt the warranty was important in helping make a product purchase decision and a bare majority said they would pay a higher price for the product with the longer warranty.

This touch of ambivalence was best expressed by a middle-aged mother of three in New Orleans when she said: "I don't think warranties are real important in guaranteeing quality, but I wouldn't buy an appliance without one." •

Energy Efficiency



Awareness of the importance of energy efficiency is growing among consumers interviewed in the current Consumer Survey. Fifty-two percent of the respondents listed the issue as very important, compared to 46% in last year's study. And awareness that manufacturers now make appliances that are more energy efficient also increased (from 77% in 1978 to 81% this year).

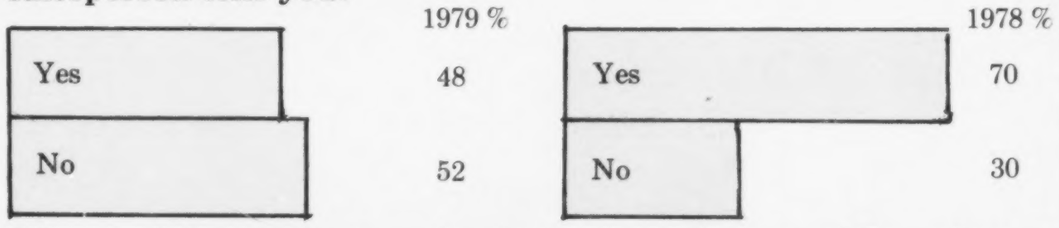
Nevertheless, an indication of the growing cynicism among substantial numbers of consumers was the sentiment voiced by a Denver construction worker who said, "I feel this energy business is a ripoff!" And several of those interviewed seemed to feel that the country's energy problems were mainly a matter of gasoline.

However, when discussing energy-efficient appliances specifically, a majority of respondents noted they would be willing to pay higher prices, as well as give up other wanted features for them.

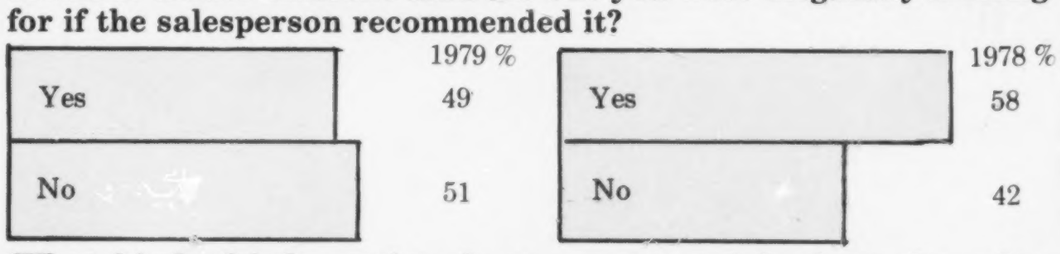
A Pittsburgh teacher and mother of three declared of energy-efficient appliances: "It isn't just that they cost less to operate, I feel they generally are better made, do a better job."

And a Minneapolis business manager echoed, "It makes sense several ways, including cost of operation." •

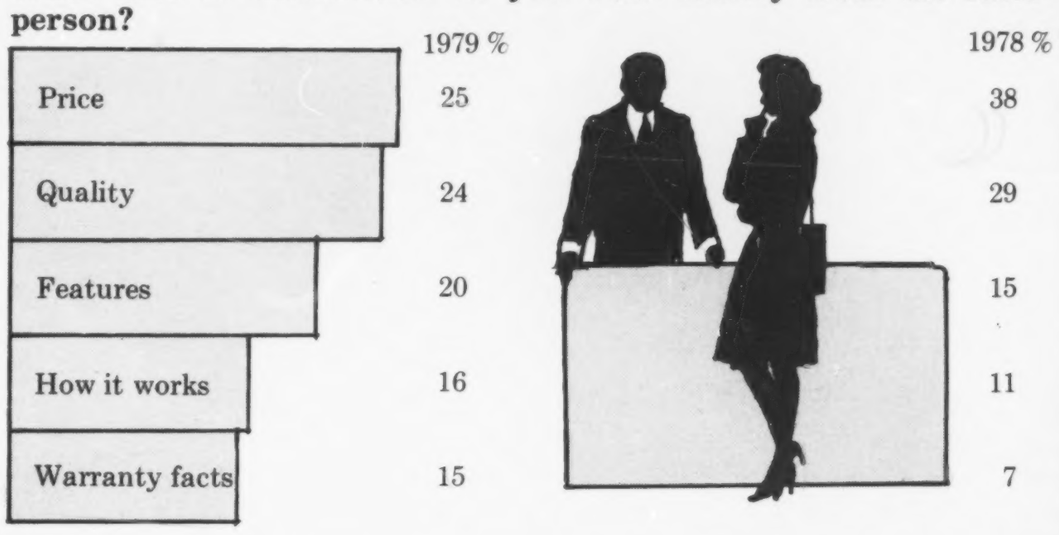
When you go into a store to shop, do you usually believe what the salesperson tells you?



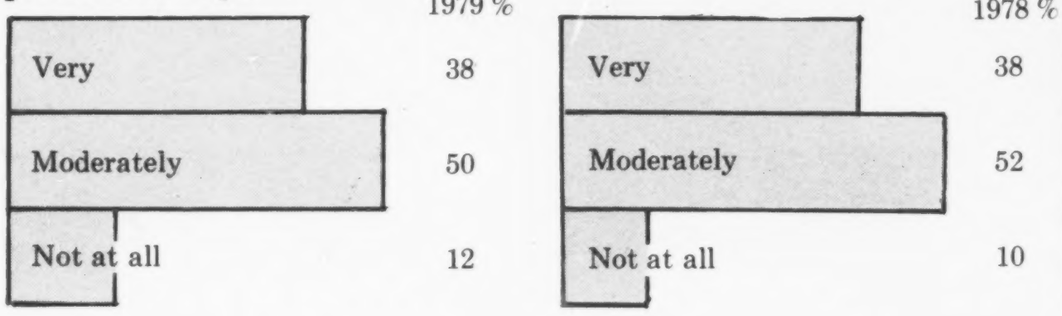
Of any of the products we've been discussing, would you buy a brand or model different than the one you were originally looking for if the salesperson recommended it?



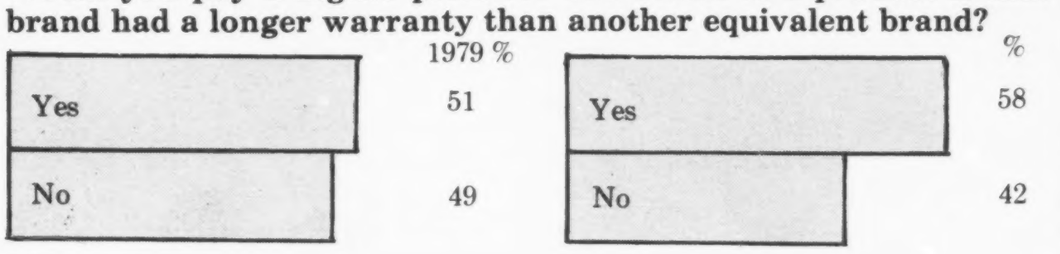
What kind of information do you want mainly from the salesperson?



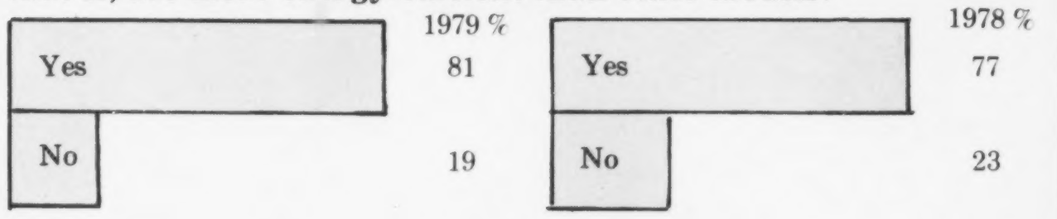
How important is the warranty to you in helping decide which product to buy?



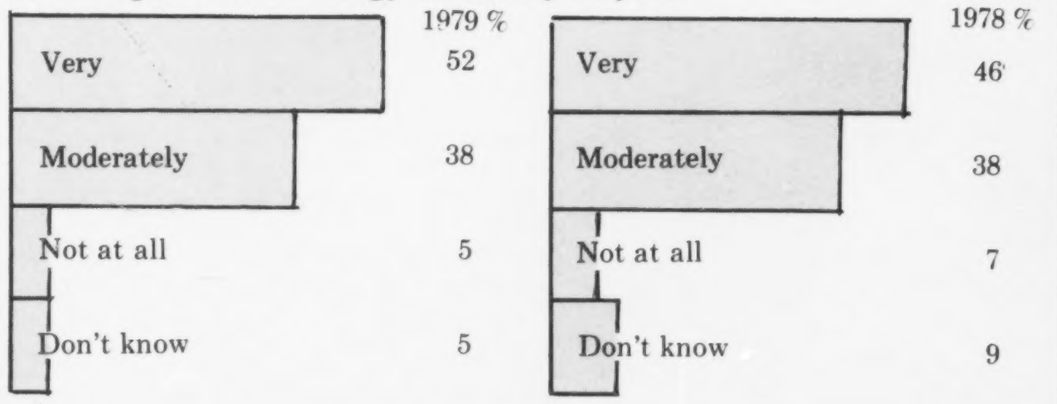
Would you pay a higher price for one brand of a product if that brand had a longer warranty than another equivalent brand?



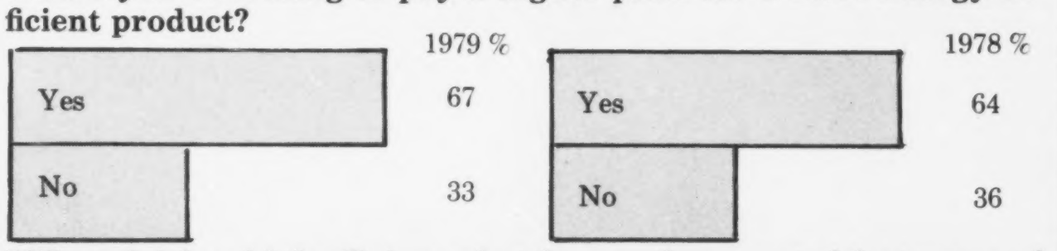
Do you know that manufacturers of many household appliances are now making models that use less energy (electricity or gas), that is, are more energy-efficient than other models?



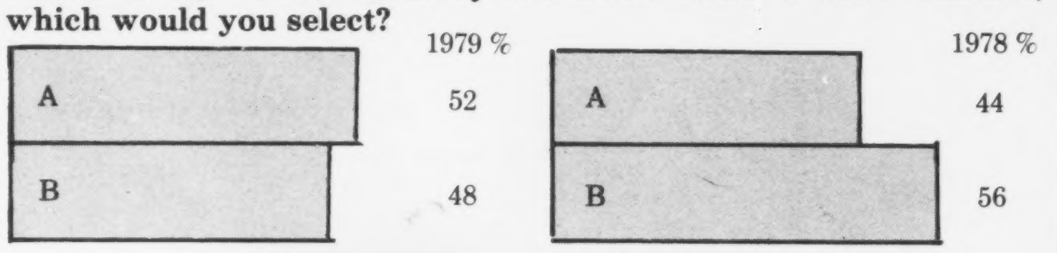
How important is energy efficiency to you?



Would you be willing to pay a higher price for a more energy-efficient product?



If Brand A has high efficiency but fewer other wanted features and Brand B has lower efficiency but more other wanted features, which would you select?



Shopping Patterns

HIFI

How many stores did you shop before making your hifi purchase?

	%
1	34%
2	17
3	19
4 or more	30

If you shopped more than one store, were the other stores all of the same type or were they different types? (e.g., audio store, dept. store, discount store, appliance/tv store, etc.)

	%
Same	32%
Different	68

What made you decide on the store where you made your purchase?

	%
Lowest price	38%
Widest selection to choose from	9
Convenient location	4
Store reputation	15
Credit policies	3
Carried the brand you wanted	16
Store specialized in hifi	15

VIDEOTAPE RECORDER

How many stores did you shop before making your purchase?

	%
1	28%
2	25
3	19
4 or more	28

If you shopped more than one store, were the other stores all of the same type or were they different types? (e.g., video store, dept. store, discount store, appliance/tv store, etc.)

	%
Same	33%
Different	67

What made you decide on the store where you made your purchase?

	%
Lowest price	25%
Widest selection to choose from	18
Convenient location	1
Store reputation	15
Credit policies	5
Carried the brand you wanted	22
Store specialized in VTR	14

FOOD PROCESSOR

How many stores did you shop before making your purchase?

	%
1	60%
2	21
3	11
4 or more	8

If you shopped more than one store, were the other stores all of the same type or were they different types? (e.g., gourmet specialty store, dept. store, discount store, appliance/tv store, etc.)

	%
Same	32%
Different	68

What made you decide on the store where you made your purchase?

	%
Lowest price	33%
Widest selection to choose from	11
Convenient location	11
Store reputation	11
Credit policies	4
Carried the brand you wanted	26
Store specialized in food processors	4

MICROWAVE OVENS

How many stores did you shop before making your purchase?

	%
1	47%
2	20
3	17
4 or more	16

If you shopped more than one store, were the other stores all of the same type or were they different types? (e.g., gourmet specialty store, dept. store, discount store, appliance/tv store, etc.)

	%
Same	23%
Different	77

What made you decide on the store where you made your purchase?

	%
Lowest price	32%
Widest selection to choose from	12
Convenient location	7
Store reputation	18
Credit policies	4
Carried the brand you wanted	21
Store specialized in microwaves	6

Shopping Patterns

In this year's Consumer Survey, *Merchandising*, for the first time, asked a series of questions in an effort to determine where people shopped and why for their purchases of hifi systems, videotape recorders, food processors and microwave ovens. And the responses were strikingly similar in three of the four product categories:

A majority of respondents shopped two or more stores in three cases—66% for hifi, 72% for VCR and 53% for microwave ovens. Only for food processors did a majority—60%—make their purchase in the single store shopped.

Nevertheless, whether one store or four-or-more stores were shopped, the deciding factor on where the purchase was to be made was price, even though lowest price was less important, comparatively speaking, in the VCR purchase.

The next most important element in determining where the purchase was made was the fact that the store ultimately making the sale carried the specific brand the consumer wanted. This strongly suggests that the consumer, in many instances, was looking for a predetermined brand almost as much as the best price.

Of even greater significance, perhaps, is the finding that in more than two-thirds of the cases, regardless of the product to be purchased, consumers chose to visit different types of stores in their efforts to find satisfaction, rather than just one type.

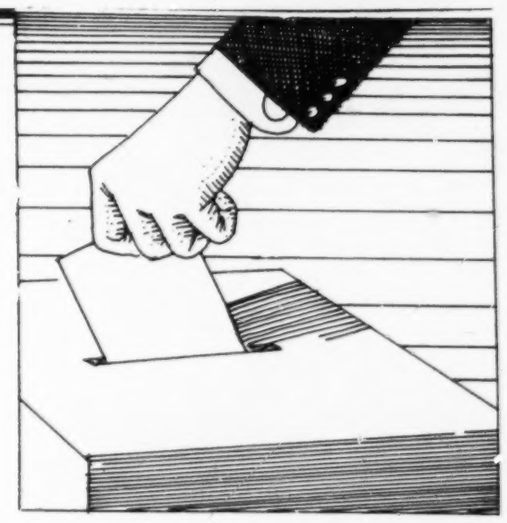
As a Denver real estate broker put it: "I went to several stores because I wanted the opinions of several different salespeople."

Specialization was ranked higher by the purchasers of electronics products than the purchasers of food processors and microwave ovens. Fifteen percent of hifi purchases and 14% of the VCR purchases were made at specialty stores, while only 4% and 6% of the respondents opted for food processor and microwave oven specialists, respectively.

A self-employed mother of four in Detroit noted: "I bought my system in a hifi specialty store after shopping several others because they had better product information."

However, that there is more than a single reason to pick one store over another is attested to by a New Orleans housewife who said: "I bought my microwave oven in the store with the widest selection of brands and prices to choose from."

Retail Opinion File



Product quality demands soar

Stores facing tougher-than-ever consumers

Consumers have always been price conscious. But a survey of retailers taken last month by *Merchandising* indicated just how price conscious they can be and gives a pretty good—or bad—picture of some of the problems retailers are facing today.

Are retail customers more price conscious today than they were just a year ago?

An astounding 76% of the respondents to our national Retail Opinion File poll answered in the affirmative with only 6% stating that their customers are actually less price conscious today than at this time last year.

The Opinion File survey, made in conjunction with this magazine's 7th Annual Consumer Survey, also published in this issue, was conducted in an effort to determine how retailers view their customers today. Is the consumer changing? Faced with today's problems, do retailers find their customers more demanding and even more critical in their purchase decisions than they were only 12 months ago?

Tougher to sell

The overall picture we get from retailers around the country, representing a broad cross-section of store types, is that the job of selling today's consumer is as tough as it has ever been. Maybe tougher—for the sales person out there on the selling floor, and the store operator.

Among the things we learned from the survey is that consumers are doing a lot less impulse buying and a lot more comparison shopping than they used to. They are at least a little more brand conscious than they've been in the recent past, and they aren't nearly as bashful as they used to be—they are quicker to complain about products, services—just about anything—than they were a year ago.

And they want protection. Sixty percent of the survey's respondents indicated that warranties are more important to today's consumer than in the past.

Most interesting, perhaps, was the response to our question about complaints. Here, the majority of respondents (actually 52%) said that *most* of their complaints from customers dealt with product quality, well ahead of complaints about price (37%) and service (16%).

"Essay" questions

These statistics held up all too well in an "essay" question in our Opinion File questionnaire when we asked retailers what they considered their biggest problem in dealing with consumers today.

Product quality drew the biggest response to that question. "Striking a balance between product quality and the price they paid for a popular priced item" was what one department store operator wrote. Another said: "Convincing them (the consumer) of quality."

An appliance/tv dealer wrote: "Explaining why new equipment breaks down so soon," was his biggest problem in dealing with consumers.

"Product quality is decreasing and it is more difficult to satisfy customers," another appliance/tv store owner jotted down on his questionnaire. He added: "We have to touch-up more products as they come from the manufacturer. We are now writing many warranty claims. I think it would be less costly for manufacturers to have better inspections, plus the one word that has no monetary value—PRIDE."

The service load

"The consumer," wrote another retailer, who identified himself as a discounter," wants what he is paying for, namely, dependability."

Service ranked third among dealers' most common complaints, but several of them elaborated on this point. One said "attempting to cope with the service load" was his biggest problem.

Another: "We are fortunate in having good service people who have been with us quite awhile, but people are much more demanding, I think, because of the higher cost of new merchandise. They expect more."

As always, price ranked high as a problem in retailer/customer relationships. "The low man gets the sale," one retailer wrote on his questionnaire.

"Meeting the price they're willing to pay," another appliance/tv dealer stated.

Still another dealer wrote: "When I buy groceries, I pay the full price when my customers expect to negotiate the price of a tv."

"Finding what they want for the money they want to spend," an electronics specialty store operator wrote.

Retailers also complained that consumers seemed to be more concerned than ever about being "ripped off" by the store and about what one dealer called "over-consumerism."

Other retailers complained about getting too many bad checks, customer resentment toward imported goods and about shoplifting.

Comparison shopping was also mentioned by some survey respondents. "You may be cheaper on 10 items than the guy down the block, but if you're higher on the eleventh item, they'll tell you about it," a discounter complained.

The bottom line, as far as one retailer was concerned, was today's consumers' "overall nasty attitude. The consumer wants womb to tomb service," he wrote, "and no matter what it is, the retailer is at fault." •

QUESTIONNAIRE

	MORE	LESS	SAME
Are your customers more price conscious or less price conscious today than a year ago?	76%	6%	18%
Are your customers doing more impulse buying or less impulse buying than a year ago?	9	69	22
Are your customers doing more comparison shopping or less comparison shopping than they did a year ago?	74	5	21
Is it more difficult or less difficult to trade up your customers than it was a year ago?	40	16	44
Are your customers more brand conscious or less brand conscious today than they were a year ago?	45	21	34
Are your customers quicker to complain today about products, service, etc., than they were a year ago?	61	2	37
Are warranties more important or less important to your customers today then they were a year ago?	60	3	37

Assuming you get complaints from time to time, what do your customers complain about most?*

Price	37%
Service	16
Product quality	52
Warranties	8
Other	3

**Total more than 100% due to multiple responses.*

Videocassette Report

Inovision subsidiary of EDS in push for home videocassette/disc market

DALLAS, TX—Electronic Data Systems, through its new wholly owned Inovision subsidiary, has begun an aggressive campaign to capture the videocassette/disc and home computer markets.

Inovision offers the following services:

- The Inovision Club, established to serve these markets through a news journal; a catalog with discounts on electronic merchandise; a videocassette rental program; a classified exchange where members may advertise products for sale or exchange and an annual product guide.
- A direct mail catalog featuring home video, home computer and other consumer electronics products.
- Inovision-produced or acquired videocassette/disc programs distributed through a network of retail stores.
- A client corporate service division providing video duplication, corporate training tapes and point-of-purchase sales programs which incorporate video technology.
- Transferring home consumers' personal movies and slides to videocassettes.

Lloyd Haldeman has been named president of Inovision. He was most recently president and managing director of the Dallas Symphony Orchestra.

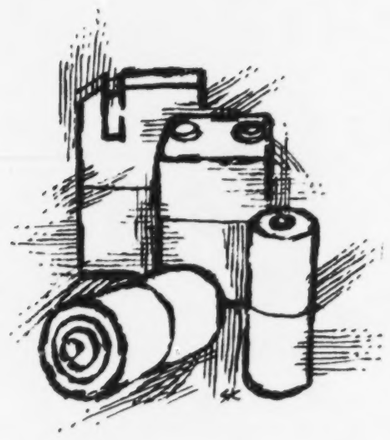
VidAmerica acquires UA's 'Coming Home'

NEW YORK—VidAmerica, the videocassette rental club, and a subsidiary of the Video Corp. of America, has acquired United Artists' 1978 Academy Award winning film, "Coming Home."

It's available for seven-day rental at $13.95.

Merchandising's TOP 50

		Last month's position	Months on chart
1.	The Sound of Music	2	7
2.	Patton	3	12
3	M*A*S*H	1	12
4.	Hello Dolly	20	12
5.	The Graduate	10	9
6.	Wild Geese	4	8
7.	French Connection	7	12
8.	The King & I	15	12
9.	Papillon	6	10
10.	African Queen	5	3
11.	The Man Who Would Be King	21	11
12.	Tora! Tora! Tora!	9	12
13.	Carnal Knowledge	12	9
14.	Bruce Lee—Super Dragon	17	10
15.	The Longest Day	18	12
16.	The Lion In Winter	19	7
17.	The Sailor Who Fell From Grace With The Sea	13	7
18.	The Betsy	14	10
19.	A Touch Of Class	11	3
20.	A Man & A Woman	39	7
21.	Elvis Presley In Concert	30	3
22.	Sand Pebbles	42	9
23.	Tunnel Vision	8	4
24.	Paper Chase	N	10
25.	Von Ryan's Express	26	12
26.	Desert Fox	N	3
27.	Saturday Night Fever	44	3
28.	Citizen Kane	22	10
29.	Voyage To The Bottom Of The Sea	38	6
30.	The Godfather	45	3
31.	The Beatles At Shea Stadium	25	7
32.	Mighty Mouse	29	9
33.	The Day The Earth Stood Still	35	6
34.	History of the Beatles	24	5
35.	Doctor Dolittle	40	11
36.	The Hustler	37	7
37.	Fantastic Voyage	41	12
38.	Night Of The Living Dead	16	4
39.	Gunga-Din	36	4
40.	Day Of The Dolphin	46	6
41.	The Hot Rock	31	9
42.	The Great Dictator/Chaplin	N	4
43.	Tickle Me/Elvis	N	5
44.	King Kong	23	9
45.	Amos & Andy	N	5
46.	Blue Hawaii/Elvis	34	12
47.	The Bible	49	6
48.	Valley Of The Dolls	N	6
49.	Heckle & Jeckle	N	3
50.	Manitou	50	2

Batteries:  A 'charged-up' market

Both consumers and retailers alike find it easy to overlook, but an industry whose total consumer volume in 1978 amounted to over $1 billion deserves some attention. Requiring a minimum of space to display, the battery market can provide a nice steady stream of revenue to the store which carries them. A full 80% of battery sales are for replacements.

The biggest success story of the past few years has been the growth of the alkaline over the traditional carbon zinc battery. Alkaline sales have increased 25% annually over the past few years, so that it now commands about 35% of the total retail dollar volume.

According to a spokesman for Ray-O-Vac, there exists a direct corollation in consumer's minds between the original cost of the product and how much he or she is willing to pay for replacement batteries to put in it. He says, "For low-cost devices, consumers usually buy low-cost batteries; the growth of alkaline can be attributed to the growth of expensive devices."

Mike Manolios, technical marketing manager for Union Carbide (Ever-Ready), says this creates a spillover. "Once the consumer has purchased the more expensive alkaline battery and has been pleased with its performance, he begins to shift his buying patterns to the alkaline." He cited handheld electronic games as an example.

Although consumers bought carbon-zinc batteries for toys in the past, they were selecting alkaline replacement cells for this new popular "toy."

Strength of alkaline

Mallory has made, perhaps, the strongest commitment of all power cell manufacturers to the alkaline market with its Duracell product. Alkaline batteries do display advantages in many consumer applications. They have a longer life, both on the shelf and in actual use. They are very good in start-stop applications. They provide good service in temperature extremes and they have more consistent power toward the end of their life. Thus they are often more expensive to buy but cheaper to use.

Mallory says, "Many pieces of equipment have been designed specifically to use alkaline and consumers will use what the manufacturers recommend."

Ray-O-Vac and Union Carbide, both more full-line oriented, warn that in spite of the many advantages of the alkaline battery it is not always the consumers' best choice.

In a low-drain situation, such as a transistor radio, the higher-priced alkaline shows no significant advantage over carbon-zinc. Also a product which has only intermittent use, such as a flashlight, has no real need for alkalines.

Carbon-zinc still tops

Though more and more people are buying alkaline batteries for use in flashlights, radios and toys, the vast majority of consumers are still using carbon-zinc batteries for replacement power cells in those products. The D or flashlight size is the largest single seller—about 29% of all batteries sold are for use in lighting devices.

Yet, the fastest rising segment of the battery industry is the button cell. It has been growing about 30% a year for the last several years. This rise is chiefly attributable to the digital and quartz watch explosion. Ten percent of the total battery replacement dollar volume now goes to watches.

Contributing also to the continuing rise of the button power cell, is its use in calculators, particularly the minicard type. Ray-O-Vac projects that by 1981, 85% of all calculators will use button cells for power or alternate power but Union Carbide predicts only 50%.

In addition, other new products are helping the growth potential of button cells: Thin-line radios, smaller portable tape players and flat travel alarm clocks. Also, the decline of the AAA battery, manufacturers agree, will help the button. Though only a small part of the present replacement battery market, chiefly for cameras and calculators, AAA will probably almost totally give way to the button.

Button cell problems

All is not roses in the button cell market right now, however. The rapid increase in volume has caused an equivalent expansion in sizes or styles. Equipment manufacturers design a tiny hole for the button cell with little regard for standardization so that now there are over 20 different sizes for watches alone.

This creates problems for manufacturers and retailers alike. The Ray-O-Vac spokesman says, "The battery industry experienced the same chaos when transistor radios first came out. People didn't know what batteries went in them and neither did the store clerks."

However, he added, "As the number of watch companies become fewer, the variations of internal design will also decrease, and then the sizes of button cells will stabilize."

One could expect, as the consumer leans toward more expensive power cells, that the even more expensive rechargeable market would also benefit from this trend. However, this has not been the case. The rechargeable is used only in those products which would not be possible without it, where a high level of power is required for long periods of time.

Prefer disposables

According to Ray-O-Vac, consumers seem to prefer spending small sums a few times a year rather than making the increased expenditure for rechargers and rechargeable batteries.

Manolios of Union Carbide points out that the American consumer is accustomed to disposable products and generally balks at the higher up-front cost. Consumers demand, instead, that improvements in power needs come from the device manufacturers themselves, that they design more energy-efficient models. Historically, equipment manufacturers have complied. The device which required recharging today probably won't tomorrow.

None of the battery manufacturers interviewed expressed any concern about the introduction of solar panels in, for example, calculators or digital watches. "Device manufacturers," according to the Ray-O-Vac spokesman, "are pushing the state of the art and asking too many things of the battery." Solar panels allow batteries a little breather, extending their capabilities just that little extra bit. In the long run, however, solar energy may eventually revolutionize the battery industry.

Lithium newest innovation

A new advance in the battery field is the long-lasting and more expensive lithium power cell. Ray-O-Vac says, "Lithium shows some promise as an alternate power source for the mass market," but they are being cautious. The lithium has more voltage but less power. "A lot of systems show promise, but many don't have a broad enough application," he added.

Today, lithium is more expensive than the alkaline, and manufacturers aren't sure there will be any real dollar savings to the consumer. It does represent, however, another open door, another possible type of energy source.

As Duracell says, "The on-going (battery) market is big and will continue to grow big with continuing shots in the arm from technology."

—Sheila Ward
Director, Market Research

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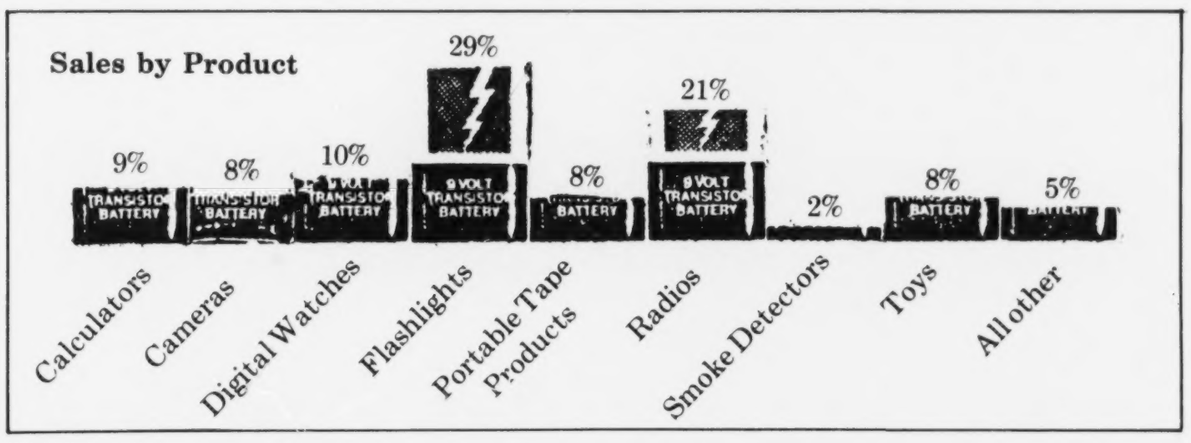
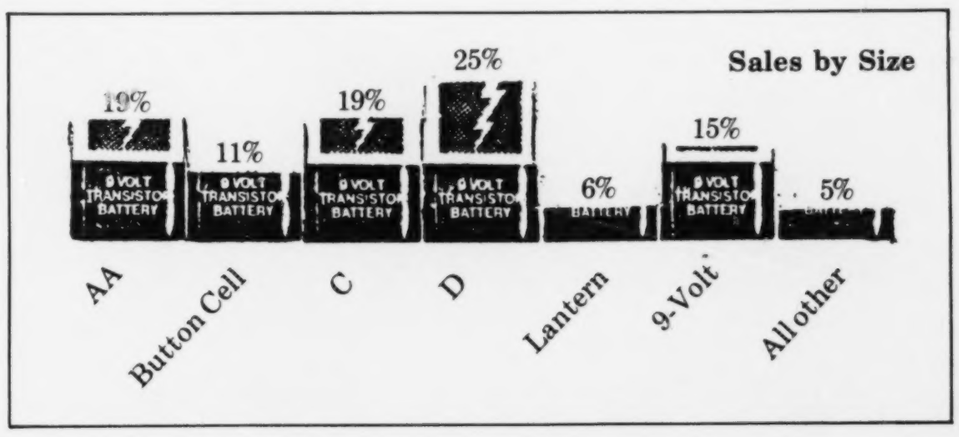
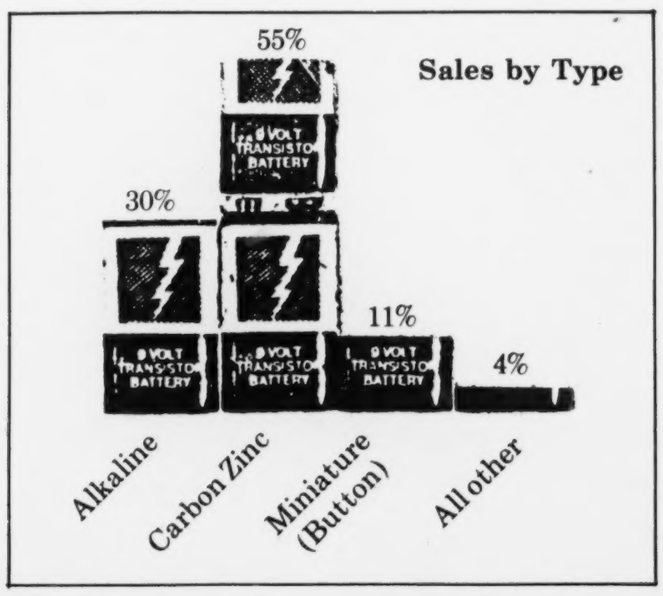
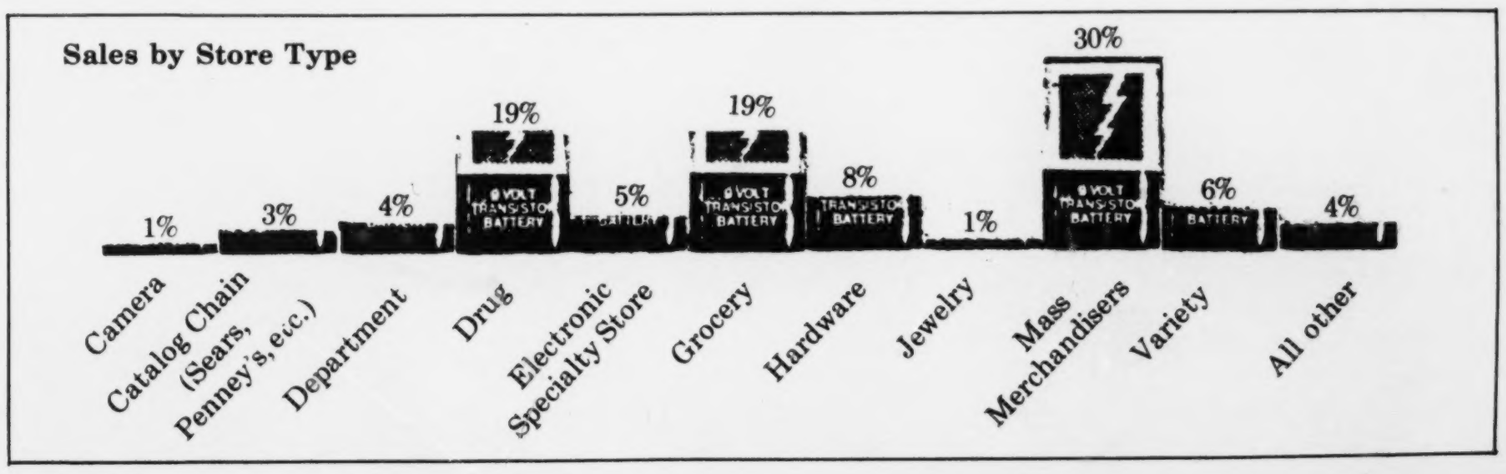






Source: Manufacturers Estimates



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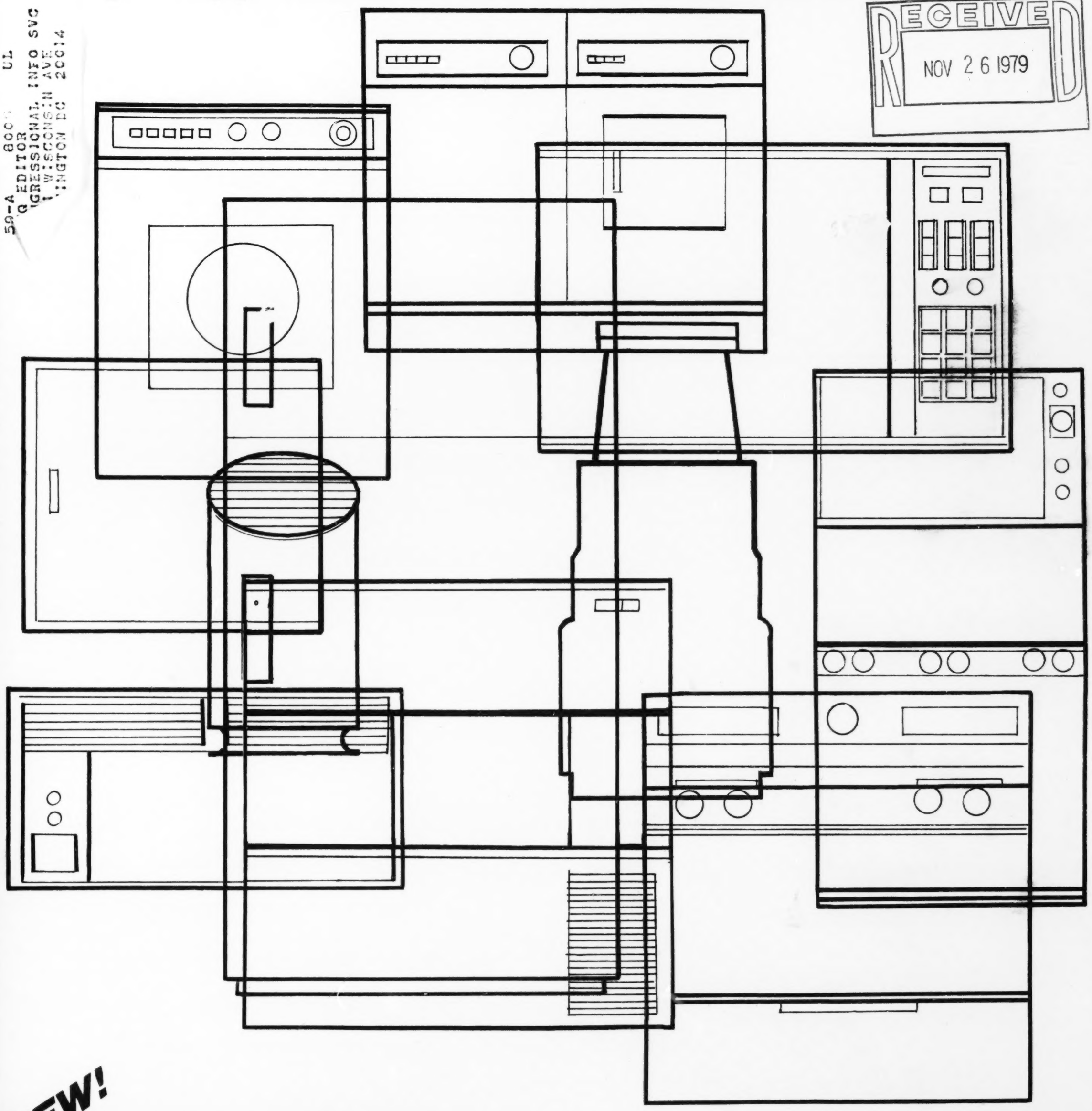

NEW!

STORE OPERATIONS Section:

- **'Instant' Credit by Fax**
- **For Sale-Hifi Computer Package**

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